

Control Number: 55190



Item Number: 1

DOCKET NO. \_\_\_\_\_

RECEIVED

APPLICATION OF ONCOR §  
ELECTRIC DELIVERY COMPANY §  
LLC FOR APPROVAL TO AMEND §  
ITS DISTRIBUTION COST §  
RECOVERY FACTOR AND UPDATE §  
MOBILE GENERATION RIDERS §

2023 JUL 29 PM 12:08  
BEFORE THE  
PUBLIC UTILITY COMMISSION  
OF TEXAS

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MOBILE GENERATION RIDERS §

BEFORE THE  
PUBLIC UTILITY COMMISSION  
OF TEXAS

**APPLICATION OF ONCOR ELECTRIC DELIVERY COMPANY LLC FOR  
APPROVAL TO AMEND ITS DISTRIBUTION COST RECOVERY FACTOR AND  
UPDATE MOBILE GENERATION RIDERS**

Oncor Electric Delivery Company LLC (“Oncor” or “Company”) files this Application for Approval to Amend its Distribution Cost Recovery Factor (“DCRF”) and Update Mobile Generation Riders under Section 36.210, as amended by recently enacted Senate Bill 1015,<sup>1</sup> and Section 39.918(j) of the Public Utility Regulatory Act<sup>2</sup> and 16 Tex. Admin. Code (“TAC”) § 25.243 (“Application”). In support of this Application, Oncor respectfully shows as follows:

**I. INTRODUCTION AND REQUEST**

Oncor appreciates the opportunity to file this Application now, rather than in April, under the good-cause exception granted to the Company by the Public Utility Commission of Texas (“Commission”) in Docket No. 54648,<sup>3</sup> as further discussed below in Section VI. Additionally, a new law governing the filing, timing, and processing of a DCRF application recently became effective June 18, 2023. SB 1015 amended PURA § 36.210 and it applies to this Application.<sup>4</sup> Notably, SB 1015 requires the Commission to enter a final order on a DCRF application not later than 60 days after it is filed, or August 28, 2023 in this case.<sup>5</sup> This date may not be extended more

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<sup>1</sup> See Act of June 18, 2023, 88th Leg., R.S., S.B. 1015 (to be codified at Tex. Util. Code Ann. § 36.210) (“SB 1015”).

<sup>2</sup> Public Utility Regulatory Act, Tex. Util. Code Ann. §§ 11.001-66.016 (“PURA”).

<sup>3</sup> *Application of Oncor Electric Delivery Company LLC for Good-Cause Exceptions to 16 TAC § 25.243*, Docket No. 54648, Order (Mar. 9, 2023).

<sup>4</sup> It is Oncor’s understanding that Oncor is the first utility to file a DCRF application after the effective date of SB 1015.

<sup>5</sup> See SB 1015, § 1 (adding Subsection (i) to PURA § 36.210).

than 15 days and only for good cause.<sup>6</sup> Therefore, to comply with this new requirement under the law, Oncor is respectfully requesting that the Commission not refer this proceeding to the State Office of Administrative Hearings and that the procedural schedule shown in Section VIII be adopted.<sup>7</sup>

Oncor's most recent comprehensive base-rate proceeding was Docket No. 53601, which was based on a 2021 calendar test year.<sup>8</sup> This filing requests an update to Oncor's current Rider DCRF and Rider Wholesale Distribution Cost Recovery Factor ("WDCRF") to include additional distribution invested capital placed in service from January 1, 2022 through December 31, 2022. This filing also seeks to update Oncor's current Rider Mobile Generation ("MG") and Rider Wholesale Mobile Generation ("WMG") that were approved in Docket No. 53601 to reflect mobile generation-related costs incurred through December 31, 2022. This is the fifth DCRF filing for Oncor, but it is Oncor's first DCRF filing since Docket No. 53601, in which DCRF rates were reset to zero. Oncor's most recent DCRF filing, Docket No. 51996, reflected the period of January 1, 2017 through December 31, 2020. After that DCRF proceeding, Oncor filed its base-rate case in Docket No. 53601 reflecting a test year of calendar year 2021, resulting in a new DCRF baseline to be used for DCRF proceedings.<sup>9</sup>

As detailed below and in Oncor's testimony, exhibits, and workpapers, Oncor invested \$1,100,497,635 in net distribution system invested capital (including accumulated deferred federal income tax or "ADFIT" and Excess DFIT) booked in FERC Accounts 303, 352, 353, 360-374, 391, and 397 during the period January 1, 2022 through December 31, 2022. The Company's total distribution revenue requirement associated with allowed return, depreciation, income and other taxes on its incremental net distribution invested capital during that period is \$147,511,332.

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<sup>6</sup> See *id.*

<sup>7</sup> The procedural schedule shown in Section VIII is consistent with the processing of interim Transmission Cost of Service ("interim TCOS") proceedings. See Bill Analysis for SB 1015 at <https://capitol.texas.gov/tlodocs/88R/analysis/html/SB01015F.htm> (stating that the intent of the bill is to "incorporate[] the more efficient, less litigious process used by the Public Utility Commission today for a TCOS review.").

<sup>8</sup> *Application of Oncor Electric Delivery Company LLC for Authority to Change Rates*, Docket No. 53601, Order (Apr. 6, 2023).

<sup>9</sup> As directed in the Order on Rehearing entered in Docket No. 53601 at Ordering Paragraph No. 5 (forthcoming as of this Application's preparation), Oncor will be filing the new DCRF baseline in Docket No. 54817, *Compliance Filing for Final Order in Docket No. 53601 (Application of Oncor Electric Delivery Company LLC for Authority to Change Rates)*.

Adjusted for negative distribution revenue growth of (\$5,266,133) the total incremental distribution revenue requirement is \$152,777,465. Compared to the distribution revenue requirement of \$4,250,830,577 approved by the Commission in Docket No. 53601, the DCRF portion of this filing seeks to increase the Company's total distribution revenue requirement by approximately \$152,777,465.<sup>10</sup>

As noted above, Oncor is also requesting authority to update and replace its Rider MG and Rider WMG for recovery of mobile generation costs authorized under PURA § 39.918. Specifically, through Oncor's proposed updated Rider MG and Rider WMG, Oncor is seeking to recover a revenue requirement of \$1,821,443 associated with the leasing and operating of a total of 15 mobile generation units leased at December 31, 2022, including seven units that Oncor began leasing and operating in 2021 — which the Commission reviewed and approved for recovery in Docket No. 53601<sup>11</sup> — plus an additional eight units that Oncor began leasing and operating in calendar year 2022. Oncor is requesting that the Commission approve these updated riders for use in place of those approved for mobile generation costs in Docket No. 53601.<sup>12</sup>

## **II. FILING OVERVIEW**

This filing consists of the Table of Contents, this Application, including the direct testimony of four Company witnesses, proposed tariffs, schedules, and workpapers in two volumes that satisfies the requirements of PURA § 36.210, 16 TAC § 25.243, and the Commission's Distribution Cost Recovery Factor Rate Filing Package ("DCRF-RFP") instructions and forms. Oncor's testimonies, supporting schedules, and workpapers are presented by the following witnesses:

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<sup>10</sup> This increase in the revenue requirement is calculated prior to reduction for other revenues of \$70,078,084.

<sup>11</sup> See Docket No. 53601, Order at 3-5 and 25-27 (finding that based on the fact-specific circumstances in which Oncor found itself following Winter Storm Uri, Oncor engaged in a reasonably competitive bidding process for leasing its mobile generation units, that Oncor's use of its mobile generation units complied with PURA § 39.918(b), that Oncor demonstrated its requested expenses for leasing and operating the facilities were prudently incurred and reasonable and necessary, and that the associated expense should be booked as a regulatory asset and recovered through a rider).

<sup>12</sup> The direct testimony of Company witness Mr. Matthew A. Troxle explains that the MG Riders approved in Docket No. 53601 have not yet been reflected on bills to retail electric providers ("REPs"). Therefore, the current Commission-approved MG Revenue Requirement of \$752,037 is included in the total revenue requirement of \$1,821,443 to be collected through the MG riders proposed in this Application.



<b>Witness</b>	<b>Principal Subjects Covered</b>
W. Alan Ledbetter Vice President and Controller	Requirements of DCRF Application; calculation of DCRF revenue requirement; calculation of the updated revenue requirement for the 15 mobile generation units leased at December 31, 2022
Bonnie L. Clutter Assistant Controller	Requirements of DCRF Application; calculation of tax-related components of DCRF revenue requirement and updated mobile generation revenue requirement
Matthew A. Troxle Director of Rates & Load Research	Calculation of the DCRFs and WDCRFs; proposed Rider DCRF, Rider WDCRF, Rider MG, and Rider WMG tariffs; billing unit calculations, as adjusted for weather and year-end premise growth
Coler D. Snelleman Director of Strategic Sourcing – Transmission and Distribution Supply Chain Management	Distribution invested capital, including investment in and deployment of mobile generation units

These four witnesses' testimonies and their schedules and workpapers collectively demonstrate Oncor's compliance with the DCRF recovery standards established by PURA, 16 TAC § 25.243, and the Commission's DCRF-RFP instructions and forms. Each piece of testimony also contains an affidavit with a sworn statement demonstrating compliance with PURA § 36.210(a)(6) and 16 TAC § 25.243(e)(1). Oncor has also included as Schedule K to this Application its most recent earnings monitoring report that it filed with the Commission.<sup>13</sup>

The testimonies, schedules, and workpapers also demonstrate Oncor's compliance with the requirements for recovering costs incurred in connection with leased mobile generation facilities authorized under PURA § 39.918 and the reasonableness and necessity of the procurement, leasing, and operation of those facilities, including related investment and expenses.

### **III. DESIGNATED REPRESENTATIVES**

Oncor's designated legal and business representatives for purposes of this proceeding are:

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<sup>13</sup> *Year-End 2022 Electric Utility Earnings Reports in Accordance with 16 TAC § 25.73, Project No. 54451*, Oncor Electric Delivery Company LLC's Filing of Earnings Monitoring Report for 2022 (May 15, 2023).

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All pleadings, orders, discovery requests, and other matters related to this Application should be served on Oncor by email at [regulatory@oncor.com](mailto:regulatory@oncor.com) or fax at 214.486.3221 and at the email addresses listed above.

#### **IV. JURISDICTION**

Under PURA § 36.210(a), the Commission has exclusive jurisdiction over this DCRF Application. Additionally, the Commission has exclusive jurisdiction over the MG Riders sought in this Application under PURA § 39.918(h)-(i).

#### **V. AFFECTED PERSONS**

Oncor's Application affects all REPs that take electric delivery service from Oncor and will affect the retail electric customers of those REPs to the extent that the REPs pass along charges to their customers under the Company's approved DCRF tariffs. This Application also affects wholesale customers of Oncor receiving service at distribution voltage. If the Commission approves the DCRF amendment requested in this Application, then Oncor's distribution revenues will increase by approximately \$152,777,465 on an annual basis as compared to the distribution revenues approved in its most recent base-rate case, Docket No. 53601. If the updates to Riders MG and WMG requested in this Application are approved, then Oncor's distribution revenues will increase by an additional amount of approximately \$1,069,405 (MG rider update of \$1,821,443 less the amount approved in Docket No. 53601 of \$752,037) on an annual basis.

#### **VI. PROPOSED RIDERS AND EFFECTIVE DATE**

Oncor's proposed Rider DCRF to the Company's Tariff for Retail Delivery Service, proposed Rider WDCRF to the Company's Tariff for Transmission Service, proposed Rider MG

to the Tariff for Retail Delivery Service, and proposed Rider WMG to Oncor's Tariff for Transmission Service are attached to this Application as Attachments A, B, C, and D, respectively.

The June 29, 2023 filing date of this Application complies with the Commission's March 9, 2023 Order in Docket No. 54648, in which the Commission granted Oncor's request for a good-cause exception to 16 TAC § 25.243(c)(1)(C), permitting Oncor to apply for its 2023 DCRF while its comprehensive base-rate proceeding in Docket No. 53601 is pending if needed, and Oncor's request for a good-cause exception to 16 TAC § 25.243(c)(2), thus allowing Oncor to file this Application by the later of (i) June 30, 2023, or (ii) 45 days from the date the Commission's final order in Docket No. 53601 is signed.<sup>14</sup> Under PURA § 36.210(a)(1)(C) and 16 TAC § 25.243(i), Oncor's proposed effective date for rates under Rider DCRF and Rider WDCRF is September 1, 2023, and Oncor is proposing that revised Riders MG and WMG be reflected on bills rendered for the September billing cycle, which in 2023 runs from August 24 to September 22, as further discussed in the direct testimony of Company witness Mr. Troxle.

## **VII. NOTICE AND INTERVENTION DEADLINE**

Oncor is providing notice of this Application, as required by 16 TAC § 25.243(e)(2), by serving a copy of this Application and all accompanying materials to authorized party representatives in Docket No. 53601, Oncor's last comprehensive base-rate proceeding, and in Docket No. 51996, Oncor's most recent DCRF proceeding. Oncor is also providing notice of this Application to each municipality in its service area. Oncor will file proof of notice with the Commission upon completion. Based on the schedule required by SB 1015, Oncor is requesting an intervention deadline of 21 days from the date service of notice is completed, which is consistent with the intervention deadline for interim TCOS proceedings outlined in 16 TAC § 25.192(h)(4)(A).

In addition, based upon 16 TAC § 25.243(c)(1)(A), Oncor is filing this Application with all municipalities that have not ceded their jurisdiction over Oncor's distribution service area to the Commission.

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<sup>14</sup> *Application of Oncor Electric Delivery Company LLC for Good-Cause Exceptions to 16 TAC § 25.243*, Docket No. 54648, Order at 1 (Mar. 9, 2023). The Commission issued its Order in Oncor's base-rate case, Docket No. 53601, on April 6, 2023. Moreover, through SB 1015 (effective June 18, 2023) the Legislature amended PURA § 36.210, and subsection (h) of that statute now permits an electric utility to file a DCRF application on any day on which the Commission is open for business (except not before the 185th day after the date the utility's base-rate proceeding was initiated if the base-rate proceeding is pending).

### **VIII. PROCEDURAL SCHEDULE BASED ON REQUIREMENTS OF SB 1015**

As discussed above, the requirements applicable to this Application under SB 1015's changes to PURA § 36.210 necessitate the adoption of a procedural schedule different from past DCRF proceedings. In recognition of this proceeding being the first under SB 1015, Oncor proposes the following, which reflects the Commission's current open meeting schedule and is generally consistent with the procedural schedule routinely utilized by the Commission for interim TCOS proceedings:

<b>Description</b>	<b>Date/Deadline</b>
Deadline to intervene and for motions to find the application materially deficient	July 20, 2023
Deadline for Oncor's response to a motion to find the application materially deficient and deadline for intervenor recommendations on application	August 7, 2023
Deadline for Commission Staff to file a recommendation on final disposition	August 14, 2023
Deadline for Oncor to file responses to intervenor and Staff recommendation on Application, and motion (or if no disputed issues exist, deadline for parties to file joint motion) to admit evidence and proposed findings of fact, corresponding conclusions of law, and ordering paragraph.	August 17, 2023
Consideration of Application at open meeting	August 24, 2023
SB 1015 60-day deadline	August 29, 2023
Oncor's requested effective date and date of implementation for interim rates, if necessary	September 1, 2023 (MG riders effective for September 2023 billing cycle)

### **IX. REQUESTED PROTECTIVE ORDER**

Attached to this Application as Attachment E is a form of the Commission's standard protective order, under 16 TAC § 22.142(c), for the protection of materials submitted in this proceeding containing privileged, confidential, competitively sensitive, proprietary trade secret data, and commercial and financial information. Oncor requests that the Commission issue a protective order in the form of Attachment C and require all parties to adhere to its terms.

**X. CONCLUSION AND PRAYER**

Based on the Application and supporting evidence in this proceeding, Oncor respectfully requests that the Commission: (i) issue a protective order in the form of Attachment E; (ii) approve the proposed form and method of notice; (iii) adopt a procedural schedule to comply with SB 1015, § 1, as proposed here in; (iv) limit the scope of the proceeding as required by 16 TAC § 25.243(e)(5); (v) approve the DCRF and mobile generation rates and tariffs as requested herein not later than the 60<sup>th</sup> day after the filing of this Application (August 28, 2023); and (vi) grant the Company such other and further relief to which it may be entitled.

Respectfully submitted,

By: 

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**ATTORNEYS FOR ONCOR ELECTRIC  
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### **CERTIFICATE OF SERVICE**

I hereby certify that on this 29th day of June, 2023, a true and correct copy of the foregoing was provided to Commission Staff, the Office of Public Utility Counsel, and the municipalities and parties described in Section VII of this Application by electronic mail, first class mail or overnight delivery, in accordance with the Commission's Second Order Suspending Rules issued on July 16, 2020, in Project No. 50664.

*Jaf R. Wanthel*

**6.1.1 Delivery System Charges**  
Applicable: Entire Certified Service Area  
Effective Date: September 1, 2023

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### **6.1.1.6.4 Rider Distribution Cost Recovery Factor (DCRF)**

#### **APPLICABILITY**

Each Retail Customer connected to the Company's transmission or distribution system will be assessed a nonbypassable distribution service charge adjustment pursuant to this rider. The charges derived herein, pursuant to Substantive Rule § 25.243, are necessitated by incremental distribution costs not included in the Company's last general rate case proceeding before the Commission.

#### **MONTHLY RATE**

The Competitive Retailer, on behalf of the Retail Customer, will be assessed this distribution service charge adjustment based on the monthly per unit cost (DCRF) multiplied times the Retail Customer's appropriate monthly billing determinant (kWh or Billing kW).

The DCRF shall be calculated for each rate according to the following formula:

$$DCRF = \frac{[(DIC_C - DIC_{RC}) * ROR_{AT}] + (DEPR_C - DEPR_{RC}) + (FIT_C - FIT_{RC}) + (OT_C - OT_{RC}) - \sum(DISTREV_{RC-CLASS} * \%GROWTH_{CLASS})}{BD_{C-CLASS}}$$

rounded to nearest \$.000001

Where:

- DIC<sub>C</sub> = Current Net Distribution Invested Capital
- DIC<sub>RC</sub> = Net Distribution Invested Capital from the last comprehensive base-rate proceeding.
- ROR<sub>AT</sub> = After-Tax Rate of Return as defined in Substantive Rule § 25.243(d)(2).
- DEPR<sub>C</sub> = Current Depreciation Expense, as related to Current Gross Distribution Invested Capital, calculated using the currently approved depreciation rates.
- DEPR<sub>RC</sub> = Depreciation Expense, as related to Gross Distribution Invested Capital, from the last comprehensive base-rate proceeding.
- FIT<sub>C</sub> = Current Federal Income Tax, as related to Current Net Distribution Invested Capital, including the change in federal income taxes related to the change in return on rate base and synchronization of interest associated with the change in rate base resulting from additions to and retirements of distribution plant as used to compute Net Distribution Invested Capital.
- FIT<sub>RC</sub> = Federal Income Tax, as related to Net Distribution Invested Capital from the last comprehensive base-rate proceeding.
- OT<sub>C</sub> = Current Other Taxes (taxes other than income taxes and taxes associated with the return on rate base), as related to Current Net Distribution Invested capital, calculated using current tax rates and the methodology from the last comprehensive base-rate proceeding, and not including municipal franchise fees.
- OT<sub>RC</sub> = Other Taxes, as related to Net Distribution Invested Capital from the last comprehensive base-rate proceeding, and not including municipal franchise fees.

DISTREV<sub>RC-CLASS</sub> (Distribution Revenues by rate class based on Net Distribution Invested Capital from the last comprehensive base-rate proceeding) = (DIC<sub>RC-CLASS</sub> \* ROR<sub>AT</sub>) + DEPR<sub>RC-CLASS</sub> + FIT<sub>RC-CLASS</sub> + OT<sub>RC-CLASS</sub>.

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$\%GROWTH_{CLASS}$  (Growth in Billing Determinants by Class) =  $(BD_{C-CLASS} - BD_{RC-CLASS}) / BC_{RC-CLASS}$ .

$DIC_{RC-CLASS}$  = Net Distribution Invested Capital allocated to the rate class from the last comprehensive base-rate proceeding.

$DEPR_{RC-CLASS}$  = Depreciation Expense, as related to Gross Distribution Invested Capital, allocated to the rate class in the last comprehensive base-rate proceeding.

$FIT_{RC-CLASS}$  = Federal Income Tax, as related to Net Distribution Invested Capital, allocated to the rate class in the last comprehensive base-rate proceeding.

$OT_{RC-CLASS}$  = Other Taxes, as related to Net Distribution Invested Capital, allocated to the rate class in the last comprehensive base-rate proceeding, and not including municipal franchise fees.

$ALLOC_{CLASS}$  = Rate Class Allocation Factor approved in the last comprehensive base-rate proceeding, calculated as: total net distribution plant allocated to rate class, divided by total net distribution plant. For situations in which data from the last comprehensive base-rate proceeding are not available to perform the described calculation, the Rate Class Allocation Factor shall be calculated as the total distribution revenue requirement allocated to the rate class (less any identifiable amounts explicitly unrelated to Distribution Invested Capital) divided by the total distribution revenue requirement (less any identifiable amounts explicitly unrelated to Distribution Invested Capital) for all classes as approved by the commission in the electric utility's last comprehensive base-rate case.

The Allocation Factor for each listed rate schedule is as follows:

Residential Service	55.8203%
Secondary Service Less Than or Equal to 10 kW	2.0953%
Secondary Service Greater Than 10 kW	34.9913%
Primary Service Less Than or Equal to 10 kW	0.0284%
Primary Service Greater Than 10 kW Distribution Line	5.5524%
Primary Service Greater Than 10 kW Substation	0.5328%
Transmission Service	0.1234%
Lighting Service	0.5060%
Wholesale Service	
Substation	0.0638%
Distribution Line	0.2863%

$BD_{C-CLASS}$  = Rate Class Billing Determinants (weather-normalized and adjusted to reflect the number of customers at the end of the period) for the 12 months ending on the date used for purposes of determining the Current Net Distribution Invested Capital. For customer classes billed primarily on the basis of kilowatt-hour billing determinants, the DCRF shall be calculated using kilowatt-hour billing determinants. For customer classes billed primarily on the basis of demand billing determinants, the DCRF shall be calculated using demand billing determinants.

$BD_{RC-CLASS}$  = Rate Class Billing Determinants used to set rates in the last comprehensive base-rate proceeding.

**NOTICE**

This rate schedule is subject to the Company's Tariff and Applicable Legal Authorities.



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Distribution Cost Recovery Factor (DCRF)

Effective Date	Residential Service	Secondary Service		Primary Service		Transmission Service	Lighting Service
		$\leq 10$ kW	$>10$ kW	$\leq 10$ kW	$>10$ kW		
	(\$/kWh)	(\$/kWh)	(\$/Billing kW)	(\$/kWh)	(\$/Billing kW)	(\$/Billing kW)	(\$/ kWh)
Sept 1, 2023	0.001851	0.001747	0.349875	0.001475	0.201323	0.063339	0.003845
May 1, 2023	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Sept 1, 2021	0.002213	0.002481	0.490802	0.001235	0.200042	0.044707	0.004528
Sept. 1, 2020	0.001287	0.001374	0.265647	0.000620	0.111613	0.029207	0.002994
Sept. 1, 2019	0.000474	0.000503	0.099593	0.000221	0.046956	0.012099	0.001175
Sept. 1, 2018	0.000183	0.000190	0.037928	0.000082	0.019495	0.005353	0.000486

**3.0 Rate Schedules**

**Applicable: Wholesale Transmission Service**

**Effective Date: September 1, 2023**

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**3.6 Rider WDCRF – Wholesale Distribution Cost Recovery Factor**

**Application**

Each WDSC will be assessed a nonbypassable distribution service charge adjustment pursuant to this rider. The charges derived herein, pursuant to Substantive Rule § 25.243, are necessitated by incremental distribution costs not included in the Company's last general rate case proceeding before the Commission.

**Monthly Rate**

The WDSC receiving service will be assessed this distribution service charge adjustment based on the monthly per unit cost (WDCRF) multiplied times the WDSC's appropriate monthly billing determinant.

The WDCRF shall be calculated for each rate according to the following formula:

$$\text{WDCRF} = \frac{[(\text{DIC}_C - \text{DIC}_{RC}) * \text{ROR}_{AT}] + (\text{DEPR}_C - \text{DEPR}_{RC}) + (\text{FIT}_C - \text{FIT}_{RC}) + (\text{OT}_C - \text{OT}_{RC}) - \sum(\text{DISTREV}_{RC\text{-CLASS}} * \% \text{GROWTH}_{CLASS})}{\text{ALLOCC}_{CLASS} / \text{BDC}_{CLASS}}$$

rounded to nearest \$.000001

Where:

$\text{DIC}_C$	=	Current Net Distribution Invested Capital
$\text{DIC}_{RC}$	=	Net Distribution Invested Capital from the last comprehensive base-rate proceeding.
$\text{ROR}_{AT}$	=	After-Tax Rate of Return as defined in Substantive Rule § 25.243(d)(2).
$\text{DEPR}_C$	=	Current Depreciation Expense, as related to Current Gross Distribution Invested Capital, calculated using the currently approved depreciation rates.
$\text{DEPR}_{RC}$	=	Depreciation Expense, as related to Gross Distribution Invested Capital, from the last comprehensive base-rate proceeding.
$\text{FIT}_C$	=	Current Federal Income Tax, as related to Current Net Distribution Invested Capital, including the change in federal income taxes related to the change in return on rate base and synchronization of interest associated with the change in rate base resulting from additions to and retirements of distribution plant as used to compute Net Distribution Invested Capital.
$\text{FIT}_{RC}$	=	Federal Income Tax, as related to Net Distribution Invested Capital from the last comprehensive base-rate proceeding
$\text{OT}_C$	=	Current Other Taxes (taxes other than income taxes and taxes associated with the return on rate base), as related to Current Net Distribution Invested capital, calculated using current tax rates and the methodology from the last comprehensive base-rate proceeding, and not including municipal franchise fees.
$\text{OT}_{RC}$	=	Other Taxes, as related to Net Distribution Invested Capital from the last comprehensive base-rate proceeding, and not including municipal franchise fees.

$\text{DISTREV}_{RC\text{-CLASS}}$  (Distribution Revenues by rate class based on Net Distribution Invested Capital from the

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last comprehensive base-rate proceeding) =  $(DIC_{RC-CLASS} * ROR_{AT}) + DEPR_{RC-CLASS} + FIT_{RC-CLASS} + OT_{RC-CLASS}$ .

$\%GROWTH_{CLASS}$  (Growth in Billing Determinants by Class) =  $(BDC_{CLASS} - BDR_{CLASS}) / BCR_{CLASS}$ .

$DIC_{RC-CLASS}$  = Net Distribution Invested Capital allocated to the rate class from the last comprehensive base-rate proceeding.

$DEPR_{RC-CLASS}$  = Depreciation Expense, as related to Gross Distribution Invested Capital, allocated to the rate class in the last comprehensive base-rate proceeding.

$FIT_{RC-CLASS}$  = Federal Income Tax, as related to Net Distribution Invested Capital, allocated to the rate class in the last comprehensive base-rate proceeding.

$OT_{RC-CLASS}$  = Other Taxes, as related to Net Distribution Invested Capital, allocated to the rate class in the last comprehensive base-rate proceeding, and not including municipal franchise fees.

$ALLOC_{CLASS}$  = Rate Class Allocation Factor approved in the last comprehensive base-rate proceeding, calculated as: total net distribution plant allocated to rate class, divided by total net distribution plant. For situations in which data from the last comprehensive base-rate proceeding are not available to perform the described calculation, the Rate Class Allocation Factor shall be calculated as the total distribution revenue requirement allocated to the rate class ( less any identifiable amounts explicitly unrelated to Distribution Invested Capital) divided by the total distribution revenue requirement (less any identifiable amounts explicitly unrelated to Distribution Invested Capital) for all classes as approved by the commission in the electric utility's last comprehensive base-rate case.

The Allocation Factor for each listed rate schedule is as follows:

Residential Service	55.8203%
Secondary Service Less Than or Equal to 10 kW	2.0953%
Secondary Service Greater Than 10 kW	34.9913%
Primary Service Less Than or Equal to 10 kW	0.0284%
Primary Service Greater Than 10 kW Distribution Line	5.5524%
Primary Service Greater Than 10 kW Substation	0.5328%
Transmission Service	0.1234%
Lighting Service	0.5060%
Wholesale Service	
Substation	0.0638%
Distribution Line	0.2863%

$BDC_{CLASS}$  = Rate Class Billing Determinants (weather-normalized and adjusted to reflect the number of customers at the end of the period) for the 12 months ending on the date used for purposes of determining the Current Net Distribution Invested Capital. For customer classes billed primarily on the basis of kilowatt-hour billing determinants, the WDCRF shall be calculated using kilowatt-hour billing determinants. For customer classes billed primarily on the basis of demand billing determinants, the WDCRF shall be calculated using demand billing determinants.

$BDR_{RC-CLASS}$  = Rate Class Billing Determinants used to set rates in the last comprehensive base-rate proceeding.

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**Monthly Surcharge**

The WDCRF surcharge for each of the Company's applicable wholesale rate schedules is as follows:

<u>Rate Schedule</u>	<u>WDCRF Surcharge</u>
Wholesale Substation Service	\$0.069767 per kW, billed at Annual Demand (kW)
Wholesale Distribution Line Service	\$0.249131 per Billing kW

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Annual Demand (kW) is the highest 15-minute kW recorded at the Point of Interconnection in the 12-month period ended with the current month.

The Billing kW applicable to the Distribution System Charge shall be the higher of the NCP kW for the current billing month or 80% of the highest monthly NCP kW established in the 11 months preceding the current billing month (80% ratchet).

**Notice**

This Rate Schedule is subject to the Company's Tariff for Transmission Service and Applicable Legal Authorities.

**6.1.1 Delivery System Charges**  
Applicable: Entire Certified Service Area  
Effective Date: August 24, 2023

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### **6.1.1.6.7 Rider MG – Mobile Generation**

#### **AVAILABILITY**

Applicable to all Retail Customers capable of receiving Delivery Service using Company facilities provided in accordance with PURA § 39.918(b).

#### **MONTHLY BILL AMOUNT**

Rider MG shall be effective each September bill cycle. The amount to be charged annually is determined by multiplying the Retail Customer's Distribution Billing Determinant (kWh consumption or kW billing demand, whichever is appropriate) by the appropriate Rider MG factor and is rounded to the nearest cent.

The total amount to be recovered annually under this rider shall include any over/under-recovered amount from the previous collection period.

#### **NET MONTHLY BILL AMOUNT**

The Rider MG amount for each of the Company's applicable retail rate schedules is as follows:

<b><u>Rate Schedule</u></b>	<b><u>Rider MG Factor</u></b>
Residential Service	\$0.000258 per kWh
Secondary Service Less than or Equal to 10 kW	\$0.000159 per kWh
Secondary Service Greater than 10 kW	\$0.048759 per Distribution System billing kW
Primary Service Less than or Equal to 10 kW	\$0.000147 per kWh
Primary Service Greater than 10 kW -- Distribution Line	\$0.041526 per Distribution System billing kW
Primary Service Greater than 10 kW - Substation	\$0.000000 per Distribution System billing kW
Transmission Service	\$0.000000 per Distribution System billing kW
Lighting Service	\$0.000234 per kWh

#### **NOTICE**

This Rate Schedule is subject to the Company's Tariff and Applicable Legal Authorities.

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**3.0 Rate Schedules**

Applicable: Wholesale Transmission Service

Effective Date: September 1, 2023

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**3.8 Rider WMG – Wholesale Mobile Generation****Application**

Applicable to all WDSCs receiving Wholesale Distribution Line Service receiving Delivery Service using Company facilities provided in accordance with PURA § 39.918(b).

**Monthly Surcharge**

Rider WMG shall be effective each September bill cycle. The amount to be charged annually is determined by multiplying the Billing kW by the Rider WMG factor and is rounded to the nearest cent.

The total amount to recovered annually under this rider shall include any over/under-recovered amount from the previous collection period.

The WMG surcharge is as follows:

Rate Schedule	WMG
Wholesale Distribution Line Service	\$0.056664 per Billing kW

The Billing kW applicable to the Distribution System Charge shall be the higher of the NCP kW for the current billing month or 80% of the highest monthly NCP kW established in the 11 months preceding the current billing month (80% ratchet).

**Notice**

This Rate Schedule is subject to the Company's Tariff for Transmission Service and Applicable Legal Authorities

DOCKET NO. \_\_\_\_\_

APPLICATION OF ONCOR ELECTRIC §  
 DELIVERY COMPANY LLC FOR § PUBLIC UTILITY COMMISSION  
 APPROVAL TO AMEND §  
 ITS DISTRIBUTION COST § OF TEXAS  
 RECOVERY FACTOR AND UPDATE §  
 MOBILE GENERATION RIDERS §

**PROTECTIVE ORDER**

This Protective Order governs the use of all information deemed confidential (Protected Materials) or highly confidential (Highly Sensitive Protected Materials), including information whose confidentiality is currently under dispute, by a party providing information to the Public Utility Commission of Texas (Commission) or to any other party to this proceeding.

It is ORDERED that:

1. **Designation of Protected Materials.** Upon producing or filing a document, including, but not limited to, records on a computer disk or other similar electronic storage medium in this proceeding, the producing party may designate that document, or any portion of it, as confidential pursuant to this Protective Order by typing or stamping on its face "PROTECTED PURSUANT TO PROTECTIVE ORDER ISSUED IN DOCKET NO. \_\_\_\_\_" (or words to this effect) and consecutively Bates Stamping each page. Protected Materials and Highly Sensitive Protected Materials include the documents so designated, as well as the substance of the information contained in the documents and any description, report, summary, or statement about the substance of the information contained in the documents.
2. **Materials Excluded from Protected Materials Designation.** Protected Materials must not include any information or document contained in the public files of the Commission or any other federal or state agency, court, or local governmental authority subject to the Public Information Act.<sup>1</sup> Protected Materials

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<sup>1</sup> Tex. Gov't Code § 552.001-.353.

also must not include documents or information which at the time of, or prior to disclosure in, a proceeding is or was public knowledge, or which becomes public knowledge other than through disclosure in violation of this Protective Order.

3. **Reviewing Party.** For the purposes of this Protective Order, a "Reviewing Party" is any party to this docket.
4. **Procedures for Designation of Protected Materials.** On or before the date the Protected Materials or Highly Sensitive Protected Materials are provided to the Commission, the producing party is required to file with the Commission and deliver to each party to the proceeding a written statement, which may be in the form of an objection, indicating: (a) any exemptions to the Public Information Act claimed to apply to the alleged Protected Materials; (b) the reasons supporting the producing party's claim that the responsive information is exempt from public disclosure under the Public Information Act and subject to treatment as protected materials; and (c) that counsel for the producing party has reviewed the information sufficiently to state in good faith that the information is exempt from public disclosure under the Public Information Act and merits the Protected Materials designation.
5. **Persons Permitted Access to Protected Materials.** Except as otherwise provided in this Protective Order, a Reviewing Party may access Protected Materials only through its "Reviewing Representatives" who have signed the Protective Order Certification Form (see Attachment A). Reviewing Representatives of a Reviewing Party include its counsel of record in this proceeding and associated attorneys, paralegals, economists, statisticians, accountants, consultants, or other persons employed or retained by the Reviewing Party and directly engaged in this proceeding. At the request of the PUC Commissioners, copies of Protected Materials may be produced by Commission Staff. The Commissioners and their staff must be informed of the existence and coverage of this Protective Order and will observe the restrictions of the Protective Order.



6. **Highly Sensitive Protected Material Described.** The term "Highly Sensitive Protected Materials" is a subset of Protected Materials and refers to documents or information that a producing party claims is of such a highly sensitive nature that making copies of such documents or information or providing access to such documents to employees of the Reviewing Party (except as specified herein) would expose a producing party to unreasonable risk of harm. Highly Sensitive Protected Materials include but are not limited to: (a) customer-specific information protected by § 32.101(c) of the Public Utility Regulatory Act;<sup>2</sup> (b) contractual information pertaining to contracts that specify that their terms are confidential or that are confidential pursuant to an order entered in litigation to which the producing party is a party; (c) market-sensitive fuel price forecasts, wholesale transactions information and/or market-sensitive marketing plans; and (d) business operations or financial information that is commercially sensitive. Documents or information so classified by a producing party must bear the designation "HIGHLY SENSITIVE PROTECTED MATERIALS PROVIDED PURSUANT TO PROTECTIVE ORDER ISSUED IN DOCKET NO. \_\_\_\_\_" (or words to this effect) and must be consecutively Bates Stamped. The provisions of this Protective Order pertaining to Protected Materials also apply to Highly Sensitive Protected Materials, except where this Protective Order provides for additional protections for Highly Sensitive Protected Materials. In particular, the procedures herein for challenging the producing party's designation of information as Protected Materials also apply to information that a producing party designates as Highly Sensitive Protected Materials.
7. **Restrictions on Copying and Inspection of Highly Sensitive Protected Material.** Except as expressly provided herein, only one copy may be made of any Highly Sensitive Protected Materials except that additional copies may be made to have sufficient copies for introduction of the material into the evidentiary record if the material is to be offered for admission into the record. The Reviewing Party is required to maintain a record of all copies made of Highly

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<sup>2</sup> Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-66.016 (PURA).

Sensitive Protected Material and must send a duplicate of the record to the producing party when the copy or copies are made. The record must specify the location and the person possessing the copy. Highly Sensitive Protected Material must be made available for inspection only at the location or locations provided by the producing party, except as specified by Paragraph 9. Limited notes may be made of Highly Sensitive Protected Materials, and such notes must themselves be treated as Highly Sensitive Protected Materials unless such notes are limited to a description of the document and a general characterization of its subject matter in a manner that does not state any substantive information contained in the document.

8. **Restricting Persons Who May Have Access to Highly Sensitive Protected Material.** With the exception of Commission Staff, the Office of the Attorney General (OAG), and the Office of Public Utility Counsel (OPC), and except as provided herein, the Reviewing Representatives for the purpose of access to Highly Sensitive Protected Materials may be persons who are (a) outside counsel for the Reviewing Party, (b) outside consultants for the Reviewing Party working under the direction of Reviewing Party's counsel, or (c) employees of the Reviewing Party working with and under the direction of Reviewing Party's counsel who have been authorized by the presiding officer to review Highly Sensitive Protected Materials. The Reviewing Party must limit the number of Reviewing Representatives that review Highly Sensitive Protected Materials to the minimum number of persons necessary. The Reviewing Party is under a good faith obligation to limit access to each portion of any Highly Sensitive Protected Materials to two Reviewing Representatives whenever possible. Reviewing Representatives for Commission Staff, OAG, and OPC, for the purpose of access to Highly Sensitive Protected Materials, must consist of their respective counsel of record in this proceeding and associated attorneys, paralegals, economists, statisticians, accountants, consultants, or other persons employed or retained by them and directly engaged in these proceedings.
9. **Copies Provided of Highly Sensitive Protected Material.** A producing party is required to provide one copy of Highly Sensitive Protected Materials specifically

requested by the Reviewing Party to the person designated by the Reviewing Party who must be a person authorized to review Highly Sensitive Protected Material under Paragraph 8. Representatives of the Reviewing Party who are authorized to view Highly Sensitive Protected Material may review the copy of Highly Sensitive Protected Materials at the office of the Reviewing Party's representative designated to receive the information. Any Highly Sensitive Protected Materials provided to a Reviewing Party may not be copied except as provided in Paragraph 7. The restrictions contained herein do not apply to Commission Staff, OPC, and the OAG when the OAG is representing a party to the proceeding.

10. **Procedures in Paragraphs 10-14 Apply to Commission Staff, OPC, and the OAG and Control in the Event of Conflict.** The procedures in Paragraphs 10 through 14 apply to responses to requests for documents or information that the producing party designates as Highly Sensitive Protected Materials and provides to Commission Staff, OPC, and the OAG in recognition of their purely public functions. To the extent the requirements of Paragraphs 10 through 14 conflict with any requirements contained in other paragraphs of this Protective Order, the requirements of these Paragraphs control.
11. **Copy of Highly Sensitive Protected Material to be Provided to Commission Staff, OPC and the OAG.** When, in response to a request for information by a Reviewing Party, the producing party makes available for review documents or information claimed to be Highly Sensitive Protected Materials, the producing party is required to also deliver one copy of the Highly Sensitive Protected Materials to the Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) in Austin, Texas. Provided however, that in the event such Highly Sensitive Protected Materials are voluminous, the materials will be made available for review by Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) at the designated office in Austin, Texas. The Commission Staff, OPC (if OPC is a party) and the OAG (if the OAG is representing a party) may request such copies as are necessary of such voluminous material under the copying procedures specified herein.

12. **Delivery of the Copy of Highly Sensitive Protected Material to Commission Staff and Outside Consultants.** The Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) may deliver the copy of Highly Sensitive Protected Materials received by them to the appropriate members of their staff for review, provided such staff members first sign the certification specified by Paragraph 15. After obtaining the agreement of the producing party, Commission Staff, OPC (if OPC is a party), and the OAG (if the OAG is representing a party) may deliver the copy of Highly Sensitive Protected Materials received by it to the agreed, appropriate members of their outside consultants for review, provided such outside consultants first sign the certification in Attachment A.
13. **Restriction on Copying by Commission Staff, OPC and the OAG.** Except as allowed by Paragraph 7, Commission Staff, OPC and the OAG may not make additional copies of the Highly Sensitive Protected Materials furnished to them unless the producing party agrees in writing otherwise, or, upon a showing of good cause, the presiding officer directs otherwise. Commission Staff, OPC, and the OAG may make limited notes of Highly Sensitive Protected Materials furnished to them, and all such handwritten notes will be treated as Highly Sensitive Protected Materials as are the materials from which the notes are taken.
14. **Public Information Requests.** In the event of a request for any of the Highly Sensitive Protected Materials under the Public Information Act, an authorized representative of the Commission, OPC, or the OAG may furnish a copy of the requested Highly Sensitive Protected Materials to the Open Records Division at the OAG together with a copy of this Protective Order after notifying the producing party that such documents are being furnished to the OAG. Such notification may be provided simultaneously with the delivery of the Highly Sensitive Protected Materials to the OAG.

15. **Required Certification.** Each person who inspects the Protected Materials must, before such inspection, agree in writing to the following certification found in Attachment A to this Protective Order:

I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in this docket, and that I have been given a copy of it and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials must not be disclosed to anyone other than in accordance with the Protective Order and unless I am an employee of the Commission or OPC will be used only for the purpose of the proceeding in Docket No. \_\_\_\_\_. I acknowledge that the obligations imposed by this certification are pursuant to such Protective Order. Provided, however, if the information contained in the Protected Materials is obtained from independent public sources, the understanding stated herein must not apply.

In addition, Reviewing Representatives who are permitted access to Highly Sensitive Protected Material under the terms of this Protective Order must, before inspection of such material, agree in writing to the following certification found in Attachment A to this Protective Order:

I certify that I am eligible to have access to Highly Sensitive Protected Material under the terms of the Protective Order in this docket.

The Reviewing Party is required to provide a copy of each signed certification to Counsel for the producing party and serve a copy upon all parties of record.

16. **Disclosures between Reviewing Representatives and Continuation of Disclosure Restrictions after a Person is no Longer Engaged in the Proceeding.** Any Reviewing Representative may disclose Protected Materials, other than Highly Sensitive Protected Materials, to any other person who is a Reviewing Representative provided that, if the person to whom disclosure is to be made has not executed and provided for delivery of a signed certification to the party asserting confidentiality, that certification must be executed prior to any disclosure. A Reviewing Representative may disclose Highly Sensitive Protected Material to other Reviewing Representatives who are permitted access to such

material and have executed the additional certification required for persons who receive access to Highly Sensitive Protected Material. In the event that any Reviewing Representative to whom Protected Materials are disclosed ceases to be engaged in these proceedings, access to Protected Materials by that person must be terminated and all notes, memoranda, or other information derived from the protected material must either be destroyed or given to another Reviewing Representative of that party who is authorized pursuant to this Protective Order to receive the protected materials. Any person who has agreed to the foregoing certification is required to continue to be bound by the provisions of this Protective Order so long as it is in effect, even if no longer engaged in these proceedings.

17. **Producing Party to Provide One Copy of Certain Protected Material and Procedures for Making Additional Copies of Such Materials.** Except for Highly Sensitive Protected Materials, which must be provided to the Reviewing Parties under Paragraph 9, and voluminous Protected Materials, the producing party is required to provide a Reviewing Party one copy of the Protected Materials upon receipt of the signed certification described in Paragraph 15. Except for Highly Sensitive Protected Materials, a Reviewing Party may make further copies of Protected Materials for use in this proceeding according to this Protective Order, but a record must be maintained as to the documents reproduced and the number of copies made, and upon request the Reviewing Party is required to provide the party asserting confidentiality with a copy of that record.
18. **Procedures Regarding Voluminous Protected Materials.** 16 Texas Administrative Code (TAC) § 22.144(h) will govern production of voluminous Protected Materials. Voluminous Protected Materials will be made available in the producing party's voluminous room, in Austin, Texas, or at a mutually agreed upon location, Monday through Friday, 9:00 a.m. to 5:00 p.m. (except on state or Federal holidays), and at other mutually convenient times upon reasonable request.

19. **Reviewing Period Defined.** The Protected Materials may be reviewed only during the Reviewing Period, which will commence upon entry of this Protective Order and continue until the expiration of the Commission's plenary jurisdiction. The Reviewing Period will reopen if the Commission regains jurisdiction due to a remand as provided by law. Protected materials that are admitted into the evidentiary record or accompanying the evidentiary record as offers of proof may be reviewed throughout the pendency of this proceeding and any appeals.
20. **Procedures for Making Copies of Voluminous Protected Materials.** Other than Highly Sensitive Protected Materials, Reviewing Parties may take notes regarding the information contained in voluminous Protected Materials made available for inspection or they may make photographic, mechanical or electronic copies of the Protected Materials, subject to the conditions in this Protective Order; provided, however, that before photographic, mechanical or electronic copies may be made, the Reviewing Party seeking photographic, mechanical or electronic copies must provide written confirmation of the receipt of copies listed on Attachment B of this Protective Order identifying each piece of Protected Materials or portions thereof the Reviewing Party will need.
21. **Protected Materials to be Used Solely for the Purposes of These Proceedings.** All Protected Materials must be made available to the Reviewing Parties and their Reviewing Representatives solely for the purposes of these proceedings. Access to the Protected Materials may not be used in the furtherance of any other purpose, including, without limitation: (a) any other pending or potential proceeding involving any claim, complaint, or other grievance of whatever nature, except appellate review proceedings that may arise from or be subject to these proceedings; or (b) any business or competitive endeavor of whatever nature. Because of their statutory regulatory obligations, these restrictions do not apply to Commission Staff or OPC.
22. **Procedures for Confidential Treatment of Protected Materials and Information Derived from Those Materials.** Protected Materials, as well as a Reviewing Party's notes, memoranda, or other information regarding or derived

from the Protected Materials are to be treated confidentially by the Reviewing Party and must not be disclosed or used by the Reviewing Party except as permitted and provided in this Protective Order. Information derived from or describing the Protected Materials must be maintained in a secure place and must not be placed in the public or general files of the Reviewing Party except in accordance with the provisions of this Protective Order. A Reviewing Party must take all reasonable precautions to insure that the Protected Materials including notes and analyses made from Protected Materials that disclose Protected Materials are not viewed or taken by any person other than a Reviewing Representative of a Reviewing Party.

23. **Procedures for Submission of Protected Materials.** If a Reviewing Party tenders for filing any Protected Materials, including Highly Sensitive Protected Materials, or any written testimony, exhibit, brief, motion or other type of pleading or other submission at the Commission or before any other judicial body that quotes from Protected Materials or discloses the content of Protected Materials, the confidential portion of such submission must be filed and served in sealed envelopes or other appropriate containers endorsed to the effect that they contain Protected Material or Highly Sensitive Protected Material and are sealed pursuant to this Protective Order. If filed at the Commission, such documents must be marked "PROTECTED MATERIAL" and must be filed under seal with the presiding officer and served under seal to the counsel of record for the Reviewing Parties. The presiding officer may subsequently, on his/her own motion or on motion of a party, issue a ruling respecting whether or not the inclusion, incorporation or reference to Protected Materials is such that such submission should remain under seal. If filing before a judicial body, the filing party: (a) must notify the party which provided the information within sufficient time so that the producing party may seek a temporary sealing order; and (b) must otherwise follow the procedures in Rule 76a, Texas Rules of Civil Procedure.
24. **Maintenance of Protected Status of Materials during Pendency of Appeal of Order Holding Materials are not Protected Materials.** In the event that the



presiding officer at any time in the course of this proceeding finds that all or part of the Protected Materials are not confidential or proprietary, by finding, for example, that such materials have entered the public domain or materials claimed to be Highly Sensitive Protected Materials are only Protected Materials, those materials will nevertheless be subject to the protection afforded by this Protective Order for three (3) full working days, unless otherwise ordered, from the date the party asserting confidentiality receives notice of the presiding officer's order. Such notification will be by written communication. This provision establishes a deadline for appeal of a presiding officer's order to the Commission. In the event an appeal to the Commissioners is filed within those three (3) working days from notice, the Protected Materials must be afforded the confidential treatment and status provided in this Protective Order during the pendency of such appeal. Neither the party asserting confidentiality nor any Reviewing Party waives its right to seek additional administrative or judicial remedies after the Commission's denial of any appeal.

25. **Notice of Intent to Use Protected Materials or Change Materials Designation.** Parties intending to use Protected Materials must notify the other parties prior to offering them into evidence or otherwise disclosing such information into the record of the proceeding. During the pendency of Docket No. \_\_\_\_\_ at the Commission, in the event that a Reviewing Party wishes to disclose Protected Materials to any person to whom disclosure is not authorized by this Protective Order, or wishes to have changed the designation of certain information or material as Protected Materials by alleging, for example, that such information or material has entered the public domain, such Reviewing Party must first file and serve on all parties written notice of such proposed disclosure or request for change in designation, identifying with particularity each of such Protected Materials. A Reviewing Party will at any time be able to file a written motion to challenge the designation of information as Protected Materials.
26. **Procedures to Contest Disclosure or Change in Designation.** In the event that the party asserting confidentiality wishes to contest a proposed disclosure or request for change in designation, the party asserting confidentiality must file with

the appropriate presiding officer its objection to a proposal, with supporting affidavits, if any, within five (5) working days after receiving such notice of proposed disclosure or change in designation. Failure of the party asserting confidentiality to file such an objection within this period will be deemed a waiver of objection to the proposed disclosure or request for change in designation. Within five (5) working days after the party asserting confidentiality files its objection and supporting materials, the party challenging confidentiality may respond. Any such response must include a statement by counsel for the party challenging such confidentiality that he or she has reviewed all portions of the materials in dispute and, without disclosing the Protected Materials, a statement as to why the Protected Materials should not be held to be confidential under current legal standards, or that the party asserting confidentiality for some reason did not allow such counsel to review such materials. If either party wishes to submit the material in question for in camera inspection, it must do so no later than five (5) working days after the party challenging confidentiality has made its written filing.

27. **Procedures for Presiding Officer Determination Regarding Proposed Disclosure or Change in Designation.** If the party asserting confidentiality files an objection, the appropriate presiding officer will determine whether the proposed disclosure or change in designation is appropriate. Upon the request of either the producing or Reviewing Party or upon the presiding officer's own initiative, the presiding officer may conduct a prehearing conference. The burden is on the party asserting confidentiality to show that such proposed disclosure or change in designation should not be made. If the presiding officer determines that such proposed disclosure or change in designation should be made, disclosure must not take place earlier than three (3) full working days after such determination unless otherwise ordered. No party waives any right to seek additional administrative or judicial remedies concerning such presiding officer's ruling.
28. **Maintenance of Protected Status during Periods Specified for Challenging Various Orders.** Any party electing to challenge, in the courts of this state, a

Commission or presiding officer determination allowing disclosure or a change in designation will have a period of ten (10) days from: (a) the date of an unfavorable Commission order; or (b) if the Commission does not rule on an appeal of an interim order, the date an appeal of an interim order to the Commission is overruled by operation of law, to obtain a favorable ruling in state district court. Any party challenging a state district court determination allowing disclosure or a change in designation will have an additional period of ten (10) days from the date of the order to obtain a favorable ruling from a state appeals court. Finally, any party challenging a determination of a state appeals court allowing disclosure or a change in designation will have an additional period of ten (10) days from the date of the order to obtain a favorable ruling from the state supreme court, or other appellate court. All Protected Materials must be afforded the confidential treatment and status provided for in this Protective Order during the periods for challenging the various orders referenced in this paragraph. For purposes of this paragraph, a favorable ruling of a state district court, state appeals court, Supreme Court or other appellate court includes any order extending the deadlines in this paragraph.

29. **Other Grounds for Objection to Use of Protected Materials Remain Applicable.** Nothing in this Protective Order precludes any party from objecting to the use of Protected Materials on grounds other than confidentiality, including the lack of required relevance. Nothing in this Protective Order constitutes a waiver of the right to argue for more disclosure, provided, however, that unless the Commission or a court orders such additional disclosure, all parties will abide by the restrictions imposed by the Protective Order.
30. **Protection of Materials from Unauthorized Disclosure.** All notices, applications, responses or other correspondence must be made in a manner which protects Protected Materials from unauthorized disclosure.
31. **Return of Copies of Protected Materials and Destruction of Information Derived from Protected Materials.** Following the conclusion of these proceedings, each Reviewing Party must, no later than thirty (30) days following

receipt of the notice described below, return to the party asserting confidentiality all copies of the Protected Materials provided by that party pursuant to this Protective Order and all copies reproduced by a Reviewing Party, and counsel for each Reviewing Party must provide to the party asserting confidentiality a letter by counsel that, to the best of his or her knowledge, information, and belief, all copies of notes, memoranda, and other documents regarding or derived from the Protected Materials (including copies of Protected Materials) that have not been so returned, if any, have been destroyed, other than notes, memoranda, or other documents which contain information in a form which, if made public, would not cause disclosure of the substance of Protected Materials. As used in this Protective Order, "conclusion of these proceedings" refers to the exhaustion of available appeals, or the running of the time for the making of such appeals, as provided by applicable law. If, following any appeal, the Commission conducts a remand proceeding, then the "conclusion of these proceedings" is extended by the remand to the exhaustion of available appeals of the remand, or the running of the time for making such appeals of the remand, as provided by applicable law. Promptly following the conclusion of these proceedings, counsel for the party asserting confidentiality will send a written notice to all other parties, reminding them of their obligations under this Paragraph. Nothing in this Paragraph prohibits counsel for each Reviewing Party from retaining two (2) copies of any filed testimony, brief, application for rehearing, hearing exhibit or other pleading which refers to Protected Materials provided that any such Protected Materials retained by counsel will remain subject to the provisions of this Protective Order.

32. **Applicability of Other Law.** This Protective Order is subject to the requirements of the Public Information Act, the Open Meetings Act,<sup>3</sup> the Texas Securities Act<sup>4</sup> and any other applicable law, provided that parties subject to those acts will notify the party asserting confidentiality, if possible under those acts, prior to

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<sup>3</sup> Tex. Gov't Code § 551.001-.146.

<sup>4</sup> Tex. Rev. Civ. Stat. Ann. arts. 581-1 to 581-43.

disclosure pursuant to those acts. Such notice is not required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.

33. **Procedures for Release of Information under Order.** If required by order of a governmental or judicial body, the Reviewing Party may release to such body the confidential information required by such order; provided, however, that: (a) the Reviewing Party must notify the producing party of the order requiring the release of such information within five (5) calendar days of the date the Reviewing Party has notice of the order; (b) the Reviewing Party must notify the producing party at least five (5) calendar days in advance of the release of the information to allow the producing party to contest any release of the confidential information; and (c) the Reviewing Party must use its best efforts to prevent such materials from being disclosed to the public. The terms of this Protective Order do not preclude the Reviewing Party from complying with any valid and enforceable order of a state or federal court with competent jurisdiction specifically requiring disclosure of Protected Materials earlier than contemplated herein. The notice specified in this section is not required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.
34. **Best Efforts Defined.** The term “best efforts” as used in the preceding paragraph requires that the Reviewing Party attempt to ensure that disclosure is not made unless such disclosure is pursuant to a final order of a Texas governmental or Texas judicial body, the written opinion of the Texas Attorney General sought in compliance with the Public Information Act, or the request of governmental officials authorized to conduct a criminal or civil investigation that

relates to or involves the Protected Materials. The Reviewing Party is not required to delay compliance with a lawful order to disclose such information but is simply required to timely notify the party asserting confidentiality, or its counsel, that it has received a challenge to the confidentiality of the information and that the Reviewing Party will either proceed under the provisions of §552.301 of the Public Information Act, or intends to comply with the final governmental or court order. Provided, however, that no notice is required where the Protected Materials are sought by governmental officials authorized to conduct a criminal or civil investigation that relates to or involves the Protected Materials, and those governmental officials aver in writing that such notice could compromise the investigation and that the governmental entity involved will maintain the confidentiality of the Protected Materials.

35. **Notify Defined.** "Notify" for purposes of Paragraphs 32, 33 and 34 means written notice to the party asserting confidentiality at least five (5) calendar days prior to release; including when a Reviewing Party receives a request under the Public Information Act. However, the Commission, OAG, or OPC may provide a copy of Protected Materials to the Open Records Division of the OAG as provided herein.
36. **Requests for Non-Disclosure.** If the producing party asserts that the requested information should not be disclosed at all, or should not be disclosed to certain parties under the protection afforded by this Protective Order, the producing party must tender the information for in camera review to the presiding officer within ten (10) calendar days of the request. At the same time, the producing party is required to file and serve on all parties its argument, including any supporting affidavits, in support of its position of non-disclosure. The burden is on the producing party to establish that the material should not be disclosed. The producing party must serve a copy of the information under the classification of Highly Sensitive Protected Material to all parties requesting the information that the producing party has not alleged should be prohibited from reviewing the information.

Parties wishing to respond to the producing party's argument for non-disclosure must do so within five working days. Responding parties should explain why the information should be disclosed to them, including why disclosure is necessary for a fair adjudication of the case if the material is determined to constitute a trade secret. If the presiding officer finds that the information should be disclosed as Protected Material under the terms of this Protective Order, the presiding officer will stay the order of disclosure for such period of time as the presiding officer deems necessary to allow the producing party to appeal the ruling to the Commission.

37. **Sanctions Available for Abuse of Designation.** If the presiding officer finds that a producing party unreasonably designated material as Protected Material or as Highly Sensitive Protected Material, or unreasonably attempted to prevent disclosure pursuant to Paragraph 36, the presiding officer may sanction the producing party pursuant to 16 TAC § 22.161.
38. **Modification of Protective Order.** Each party will have the right to seek changes in this Protective Order as appropriate from the presiding officer.
39. **Breach of Protective Order.** In the event of a breach of the provisions of this Protective Order, the producing party, if it sustains its burden of proof required to establish the right to injunctive relief, will be entitled to an injunction against such breach without any requirements to post bond as a condition of such relief. The producing party will not be relieved of proof of any element required to establish the right to injunctive relief. In addition to injunctive relief, the producing party will be entitled to pursue any other form of relief to which it is entitled.

## ATTACHMENT A

### Protective Order Certification

I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in this docket and that I have received a copy of it and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials must not be disclosed to anyone other than in accordance with the Protective Order and unless I am an employee of the Commission or OPC will be used only for the purpose of the proceeding in Docket No. \_\_\_\_\_. I acknowledge that the obligations imposed by this certification are pursuant to such Protective Order. Provided, however, if the information contained in the Protected Materials is obtained from independent public sources, the understanding stated here will not apply.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Party Represented

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

I certify that I am eligible to have access to Highly Sensitive Protected Material under the terms of the Protective Order in this docket.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Party Represented

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date



## ATTACHMENT B

I request to view/copy the following documents:

Document Requested	# of Copies	Non-Confidential	Protected Materials and/or Highly Sensitive Protected Materials

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Party Represented

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

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OF W. ALAN LEDBETTER, WITNESS FOR  
ONCOR ELECTRIC DELIVERY COMPANY LLC**

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PUC Docket No. \_\_\_\_\_

**Ledbetter - Direct  
Oncor Electric Delivery  
2023 DCRF Application and Mobile Generation Update**

**DIRECT TESTIMONY OF W. ALAN LEDBETTER**

**I. POSITION AND QUALIFICATIONS**

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND CURRENT EMPLOYMENT POSITION.

A. My name is W. Alan Ledbetter. My business address is 1616 Woodall Rodgers Freeway, Dallas, Texas 75202. I am Vice President and Controller of Oncor Electric Delivery Company LLC ("Oncor" or "the Company").

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND RECENT PROFESSIONAL EXPERIENCE.

A. I hold a Bachelor's degree in Business Administration – Accounting from the University of Texas at Arlington and Master of Business Administration degree, with a minor in Finance, from Texas A&M University-Commerce. I have been employed in a variety of accounting, finance, and regulatory roles at Oncor and affiliated companies for 42 years. During the past decade, I have served as Oncor's Director, Planning and Economic Analysis and the Company's Assistant Controller. In September 2021, I was named to my current role as the Oncor Vice President and Controller.

Q. DO YOU HOLD ANY PROFESSIONAL CERTIFICATIONS OR MEMBERSHIPS?

A. Yes. I am licensed as a Certified Public Accountant in the State of Texas and also hold the Chartered Global Management Accountant designation through my membership in the American Institute of Certified Public Accountants.

Q. HAVE YOU EVER SUBMITTED TESTIMONY BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS ("COMMISSION") OR OTHER REGULATORY AUTHORITIES?

A. Yes. I testified before the Commission in Docket Nos. 35717 and 53601 and pre-filed direct testimony in Docket Nos. 35717, 38929, 46957, 48231, 49402, 50734, 51996, and 53601. In general, my prior testimony before the Commission has addressed issues concerning Oncor's financial reporting

1 and accounting practices, electric plant in service (including interim  
2 investment updates reflected in Distribution Cost Recovery Factor ("DCRF")  
3 filings), regulatory assets and liabilities, utility operation and maintenance  
4 ("O&M") expenses, working capital, miscellaneous revenues, historical  
5 billing units, and the sale of electric plant. In addition, I have testified on  
6 behalf of Oncor in State Office of Administrative Hearings Docket Nos.  
7 304-17-4552.PVS and 304-21-3344.PVS concerning the determination of  
8 the market value of the Company's taxable tangible personal property by the  
9 State Comptroller's Property Tax Assistance Division.

10 **II. OVERVIEW AND PURPOSE OF DIRECT TESTIMONY**

11 Q. PLEASE PROVIDE A SUMMARY OF THE PURPOSE OF YOUR DIRECT  
12 TESTIMONY IN THIS APPLICATION OF ONCOR ELECTRIC DELIVERY  
13 COMPANY LLC FOR APPROVAL TO AMEND ITS DISTRIBUTION COST  
14 RECOVERY FACTOR ("APPLICATION")?

15 A. The Commission has issued 16 Tex. Admin. Code ("TAC") § 25.243 to  
16 implement Public Utility Regulatory Act ("PURA") § 36.210. As defined in  
17 16 TAC § 25.243(a), the Commission's substantive rules apply to electric  
18 utilities, like Oncor, "that provide wholesale or retail distribution service."  
19 Together with 16 TAC § 25.243, the Commission has also provided  
20 instructive guidance relating to periodic rate adjustments requested pursuant  
21 to PURA § 36.210, through the prescribed Application Form for Distribution  
22 Cost Recovery Factor (DCRF) or DCRF Update, which includes general  
23 instructions and a listing of required schedules for the Commission's DCRF  
24 Rate Filing Package ("DCRF-RFP").

25 Oncor's most recent comprehensive base-rate proceeding was  
26 Commission Docket No. 53601,<sup>1</sup> which included invested capital placed in  
27 service through the test year period ending December 31, 2021. With the  
28 implementation of new base rates resulting from the order in Docket No.

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<sup>1</sup> *Application of Oncor Electric Delivery Company LLC for Authority to Change Rates*, Docket No. 53601, Order (Apr. 6, 2023).

1 53601, Oncor's existing Rider DCRF tariff rates (that had been in effect since  
2 September 1, 2021, as authorized in Docket No. 51996) were reset to zero,  
3 effective on May 1, 2023. Pursuant to the provisions summarized above,  
4 Oncor is requesting an update to its Rider DCRF and Rider Wholesale  
5 Distribution Cost Recovery Factor ("WDCRF") to include additional  
6 distribution invested capital ("DIC") placed in service from January 1, 2022  
7 through December 31, 2022. My direct testimony in this Application supports  
8 the determination of the updated DIC revenue requirement calculation,  
9 including mobile generation investment, reflected in the Company's  
10 schedules and workpapers included in the accompanying DCRF-RFP. As  
11 shown on my Exhibit WAL-1, this DCRF Application reflects a revenue  
12 requirement increase of \$147.5 million. After reflecting the net effects of the  
13 negative \$5.3 million customer growth and usage adjustment for 2022,  
14 Oncor requests an incremental increase of \$152.8 million to be reflected in  
15 the Company's Rider DCRF and WDCRF tariff rates. Also shown on my  
16 Exhibit WAL-1 is a history of Oncor's four previous DCRF update  
17 proceedings related to interim distribution invested capital updates that were  
18 reviewed in Docket No. 53601.

19 My direct testimony, exhibits, sponsored schedules and workpapers  
20 were prepared by me or under my direction, supervision, or control, and are  
21 true and correct.

22 Q. WHICH DCRF-RFP SCHEDULES AND WORKPAPERS DO YOU  
23 SPONSOR IN THIS PROCEEDING?

24 A. Together with the related workpapers identified in my Exhibit WAL-6, I  
25 sponsor or co-sponsor the following DCRF-RFP schedules:

26	Schedule A	Summary of Distribution Cost of Service (DCOS);
27	Schedule B	Summary of Distribution Rate Base;
28	Schedule B-1	Distribution Plant - Gross;
29	Schedule B-5	Distribution Accumulated Depreciation;

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1           Schedule B-7       DIC-Related Accumulated Deferred Federal Income  
2                               Taxes (ADFIT);  
3           Schedule E-1       Distribution Depreciation Expense; and  
4           Schedule K       Earnings Report of Oncor Electric Delivery Company  
5                               LLC (including Oncor NTU) to the Public Utility  
6                               Commission of Texas for the 12 Months Ending  
7                               December 31, 2022 ("2022 EMR").

8           The remaining DCRF-RFP schedules are sponsored by Company witnesses  
9           Ms. Bonnie L. Clutter or Mr. Matthew A. Troxle.

10   Q.   PLEASE PROVIDE AN OVERVIEW OF THE UPDATED DISTRIBUTION  
11           COST OF SERVICE ("DCOS") REFLECTED IN THIS DCRF APPLICATION.

12   A.   As shown on column (4) of DCRF-RFP Schedule A in this DCRF update  
13           application, Oncor's DCOS presently nets to a total of \$4.328 billion, after  
14           reflecting other revenues. At year-end 2022, Oncor's annual DCOS reflects  
15           a cumulative increase of about \$147.5 million over the 2021 base line values  
16           developed in Docket No. 53601 (see column (4) of DCRF-RFP Schedule A).  
17           Slightly more than 50% of this \$147.5 million growth reflects increased  
18           operating expenses (depreciation and amortization, taxes other than income  
19           taxes, and federal income taxes) and the remaining increase reflects growth  
20           in capital costs relating to the significant growth in distribution electric plant  
21           in service during 2022. As shown on column (4) of DCRF-RFP Schedule B  
22           in this DCRF update application, Oncor's net distribution rate base at year-  
23           end 2022 now totals more than \$10.74 billion. Company witness Mr. Coler  
24           D. Snelleman provides additional direct testimony concerning Oncor's  
25           investments in distribution plant.

26                               **III. DCRF APPLICATION FILING REQUIREMENTS**

27                                       A. General Instructions

28   Q.   PLEASE SUMMARIZE THE GENERAL INSTRUCTIONS REFLECTED IN  
29           THE DCRF-RFP AND THEIR APPLICABILITY TO ONCOR.

1 A. Pursuant to 16 TAC § 25.72, Oncor – as a major electric utility – maintains  
2 its accounting books and financial records according to the instructional  
3 guidance and methodologies prescribed in the Uniform System of Accounts  
4 of the Federal Energy Regulatory Commission, hereafter referred to as the  
5 “FERC USOA.” As directed in General Instruction 1 of the DCRF-RFP, the  
6 information provided in this DCRF Application is taken from Oncor’s  
7 accounting books and financial records and, therefore, is consistent with the  
8 prescribed FERC USOA.

9 Moreover, as directed in General Instruction 2 of the DCRF-RFP, my  
10 direct testimony supports the required schedules and workpapers that I  
11 sponsor or co-sponsor, including completed distribution projects being  
12 proposed for addition to rate base, applicable in-service dates, and  
13 descriptions of all projects with individual total capitalized costs totaling more  
14 than \$100,000. Oncor has provided these schedules and workpapers in a  
15 complete functional electronic format consistent with General Instruction 2  
16 of the DCRF-RFP, except where data from a non-financial source was  
17 directly entered into a functioning Excel workbook.

18 Further, consistent with General Instruction 3 of the DCRF-RFP,  
19 Oncor’s DCRF Application only reflects incremental costs and return  
20 calculated in compliance with 16 TAC § 25.243 for invested capital that is  
21 categorized as distribution plant, distribution-related intangible plant, and  
22 distribution-related communication equipment and networks properly  
23 recorded in FERC USOA 303, 352, 353, 360 through 374, 391, and 397, as  
24 described in PURA § 36.053.

25 In addition, as directed by General Instructions 5 and 9, the schedules  
26 that I sponsor or co-sponsor in this DCRF Application have been prepared  
27 in a manner consistent with the sample forms reflected in the DCRF-RFP.  
28 As allowed, Oncor has added appropriate columns to certain schedules to  
29 better communicate summaries of reconciling amounts that affect the  
30 presented costs.

1           As further directed by General Instruction 5 of the DCRF-RFP, Oncor  
2           has provided applicable workpapers in electronic native format for each  
3           schedule. Included in my testimony workpapers are summaries of plant  
4           additions, retirements, and other adjustments as required by DCRF-RFP  
5           General Instructions 2 and 5 (see "Note 1" and "Note 2"). Together with  
6           Company witness Mr. Snelleman, I co-sponsor WP/Schedule B-1/1-2022  
7           which lists distribution project additions that exceed \$100,000 for the year  
8           2022, as well as WP/Schedule B-5/1/2022 which details individual  
9           distribution project retirements over \$100,000 occurring during 2022.

10    Q.   HAS ONCOR INCLUDED COSTS OR RETURN COMPONENTS IN ITS  
11           APPLICATION THAT ARE NOT APPROPRIATELY ELIGIBLE FOR  
12           RECOVERY IN A DCRF UPDATE?

13    A.   No. Utilizing methodologies consistent with Oncor's prior functionalization  
14           practices (including those used in Docket No. 53601) involving substation  
15           project additions that contain both transmission and distribution costs, I have  
16           ensured that costs assigned or allocated in this DCRF Application are  
17           exclusive from costs assigned to the Company's transmission business  
18           operations. My Exhibit WAL-2 provides a summary of the allocation of the  
19           year-end 2022 balances of station-related costs between Oncor's  
20           Transmission Cost of Service ("TCOS") assets and those reflected in this  
21           DCRF update application.

22    Q.   HAS ONCOR INCLUDED ANY INDIRECT CORPORATE COSTS OR  
23           CAPITALIZED O&M COSTS IN THIS DCRF APPLICATION?

24    A.   No. The Company has not capitalized or otherwise reflected any "indirect  
25           corporate costs or capitalized O&M expenses" (e.g., expenses that have  
26           been deferred or amortized as a regulatory asset or liability) in this filing.  
27           Accordingly, the workpapers do not address any explanations or criteria  
28           used to identify any excluded costs, as directed in General Instruction 5 of  
29           the DCRF-RFP (see "Note 1").



1 Q. ARE ANY OF THE COSTS BEING SOUGHT FOR INCLUSION IN THIS  
2 DCRF APPLICATION REFLECTED IN ANY OTHER REGULATORY  
3 RECOVERY MECHANISM OR SURCHARGE?

4 A. No. The costs and investments sought for inclusion in this DCRF Application  
5 are not included in any other cost recovery mechanism.

6 Q. DOES THIS DCRF APPLICATION INCLUDE THE MOST RECENT  
7 EARNINGS MONITORING REPORT FILED BY ONCOR WITH THE  
8 COMMISSION PURSUANT TO 16 TAC § 25.73(b)?

9 A. Yes. As directed in DCRF-RFP General Instruction 5 (see "Note 4"), the  
10 Company has included a copy of its 2022 EMR as Schedule K of this  
11 Application. Similar to the other schedules filed in this current Application,  
12 Oncor has provided Schedule K in Microsoft Excel format with all workbooks  
13 and all linked workbooks having all formulas, cell references, links, etc.,  
14 intact, functioning, and complete.

15 B. Rate of Return

16 Q. DOES THE COMPANY'S 2022 EMR INDICATE THAT ONCOR IS  
17 EARNING MORE THAN ITS AUTHORIZED RATE OF RETURN USING  
18 WEATHER-NORMALIZED DATA?

19 A. No. As reflected on Schedule III of the 2022 EMR (see page 7 of DCRF-  
20 RFP Schedule K in this Application), Oncor's weather-adjusted rate of return  
21 on its 2022 year-end total of invested capital was 6.03%, with an earned  
22 return on ending equity ("ROE") of 8.12%. The rate of return is significantly  
23 below (*i.e.*, -62 basis points or -\$128.6 million) the 6.65% weighted average  
24 cost of capital authorized in the order in Docket No. 53601,<sup>2</sup> as well as  
25 Oncor's actual 6.78% weighted average cost of capital at December 31,  
26 2022, as reflected in Schedule V of Oncor's 2022 EMR (see page 9 of DCRF-  
27 RFP Schedule K in this Application, which reflects the 9.8% return on equity  
28 in effect during 2022, as authorized in Commission Docket No. 46957).

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<sup>2</sup> *Id.*, Finding of Fact No. 190.

1 Similarly, Oncor's weather-adjusted rate of return during 2022 was also  
2 below the alternatively calculated rate of return of 6.86% reflected in the  
3 Company's 2021 DCRF application.<sup>3</sup>

4 Q. DOES THE COMPANY'S 2022 EMR REFLECT THE CAPITALIZED PLANT  
5 DISALLOWANCES ORDERED BY THE COMMISSION IN DOCKET NO.  
6 53601?

7 A. No. As I discuss later in my direct testimony (see Section IV.D.), Oncor's  
8 financial records and statements for the year ended December 31, 2022 had  
9 already been closed and publicly reported prior to the Commission's April 6,  
10 2023 issuance of its order in Docket No. 53601.

11 Q. DOES A PROFORMA ADJUSTMENT FOR THE EFFECTS OF THE  
12 DOCKET NO. 53601 CAPITALIZED PLANT DISALLOWANCE TO THE  
13 YEAR-END 2022 RATE BASE REFLECTED IN ONCOR'S 2022 EMR  
14 INDICATE THAT THE COMPANY IS EARNING IN EXCESS OF ITS  
15 AUTHORIZED RETURN?

16 A. No. As calculated on my testimony workpaper WP/2022\_PF-RoR, adjusting  
17 for the effects of the Docket No. 53601 capitalized compensation and benefit  
18 costs disallowed, Oncor's weather-adjusted rate of return would only  
19 increase by two basis points to 6.05%.

20 **IV. DISTRIBUTION INVESTED CAPITAL SUMMARY**

21 Q. PLEASE PROVIDE A SUMMARY OF ONCOR'S NET DISTRIBUTION  
22 INVESTED CAPITAL AS OF DECEMBER 31, 2022.

23 A. As shown on Schedule B of the DCRF-RFP in this Application, Oncor's Net  
24 Distribution Invested Capital (*i.e.*, Distribution rate base) at the end of the  
25 2022 DCRF update period reflected in this application is approximately  
26 \$10.74 billion. This represents net growth during the year ending December  
27 31, 2022 of approximately \$1.10 billion over the DCRF baseline of \$9.64  
28 billion at year-end 2021 to be filed by Oncor in the Compliance Filing for Final

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<sup>3</sup> Application of Oncor Electric Delivery Company LLC for Approval to Amend Its Distribution Cost Recovery Factor, Docket No. 51996, Order, Finding of Fact No. 21 (Jul. 30, 2021)

Order in Docket No. 53601 (Docket No. 54817). As shown on DCRF-RFP Schedule B-1, this growth in Distribution rate base includes \$1.52 billion of plant additions during 2022 less \$313 million of retirements and net plant adjustments recorded during the update period. As shown on DCRF-RFP Schedule B-5, during 2022 the net credit provision of accumulated depreciation costs reflected in the Distribution rate base increased by \$75.15 million. In addition, as shown on DCRF-RFP Schedule E-3.10, Oncor's net credit of accumulated deferred federal Income Taxes ("ADFIT") included in the Distribution rate base increased \$31.8 million during 2022.

A. Components of Distribution Rate Base

Q. PLEASE DESCRIBE THE COMPONENTS OF DISTRIBUTION RATE BASE REFLECTED ON SCHEDULE B OF THE DCRF-RFP.

A. Pursuant to 16 TAC § 25.243(b)(3), the "parts of the electric utility's invested capital, as described in PURA §36.053, that are categorized as distribution plant, distribution-related intangible plant, and distribution-related communication equipment and networks properly recorded in (FERC USOA) Accounts 303, 352, 353, 360 through 374, 391, and 397" are recognized as components of DIC subject to update in a DCRF proceeding. Further, 16 TAC § 25.243(b)(4) defines "Net distribution invested capital" as DIC less accumulated depreciation and adjusted for any changes in distribution-related accumulated deferred federal income taxes and excluding any impact associated with Financial Accounting Standards Board Interpretation No. 48 (FIN 48)." In addition to the guidance in the DCRF-RFP instructions, Finding of Fact No. 370 of the Order in Docket No. 53601 provides that the "portion of plant-related ADFIT that has become an excess ADFIT regulatory liability based on the effects of the Tax Cuts and Jobs Act should be included in the DCRF baseline." Accordingly, the Net DIC (*i.e.*, Distribution rate base) reflected in this DCRF update application includes changes in the excess ADFIT regulatory liability balance.

1 In addition, PURA § 39.918(j) provides that the recovery of the  
2 reasonable and necessary costs of leasing or procuring, owning, and  
3 operating utility facilities used for power restoration after widespread power  
4 outage events may be requested "through a proceeding under Section  
5 36.210 or in another ratemaking proceeding." Accordingly, this Application  
6 also includes a request to update its 6.1.1.6.7 Rider MG – Mobile Generation  
7 tariff in this proceeding, as well as the 3.8 Rider WMG – Wholesale Mobile  
8 Generation tariff. These updates are discussed more fully in the direct  
9 testimony of Oncor witness Mr. Troxle.

10 Q. WHAT GUIDANCE IS AVAILABLE TO ENSURE THAT CAPITAL COSTS  
11 ARE PROPERLY RECORDED IN THE UPDATABLE DISTRIBUTION  
12 INVESTED CAPITAL ACCOUNTS?

13 A. In general, the FERC USOA defines the various components of electric plant  
14 as the "installed" cost of the asset [e.g., FERC USOA no. 362 (*Station*  
15 *equipment*) provides that this "account shall include the cost installed of  
16 station equipment, including transformer banks, etc., which are used for the  
17 purpose of changing the characteristics of electricity in connection with its  
18 distribution," and FERC USOA no. 364 (*Poles, towers and fixtures*) provides  
19 that this "account shall include the cost installed of poles, towers, and  
20 appurtenant fixtures used for supporting overhead distribution conductors  
21 and service wires."] The FERC USOA descriptions for account numbers 368  
22 (*Line transformers*) and 370 (*Meters*) include the phrase "whether actually in  
23 service or held in reserve," recognizing the necessity to maintain sufficient  
24 capital spares in readiness to facilitate electric delivery service reliability.  
25 The FERC USOA also provides specific direction on recording the costs of  
26 land and land rights used in connection with distribution operations (e.g., see  
27 FERC USOA no. 360 and Electric Plant Instruction No. 7).

28 Q. HAS ONCOR INCLUDED THE COSTS OF RESERVE TRANSFORMERS  
29 AND METER UNITS, AS REFLECTED IN ELECTRIC PLANT IN SERVICE,  
30 AS PART OF THIS DCRF UPDATE APPLICATION?

1 A. Yes. Consistent with the FERC USOA guidance for the accounting of such  
2 costs and the Company's long-standing accounting practice for reserve  
3 units, Oncor's 2023 DCRF update application reflects these costs in the  
4 calculation of DIC. Company witness Mr. Snelleman provides additional  
5 information about Oncor's investment in transformers, capacitors, voltage  
6 regulators, and metering equipment in his direct testimony, including details  
7 on reserve assets held in a ready for service condition.

8 Q. IS IT NECESSARY FOR ELECTRIC PLANT ASSETS TO BE "ENERGIZED"  
9 TO BE CONSIDERED IN SERVICE?

10 A. No. FERC USOA Electric Plant Instruction No. 17 defines such reserve  
11 investment as *Electric Plant in Service*, noting that "(w)hen a part only of a  
12 plant or project is placed in operation or is completed and ready for service  
13 but the construction work as a whole is incomplete, that part of the cost of  
14 the property placed in operation or ready for service, shall be treated as  
15 *Electric Plant in Service* and allowance for funds used during construction  
16 thereon as a charge to construction shall cease" (emphasis added). Thus,  
17 assets that are ready for service, such as spare transformers, capacitors,  
18 and meters, are defined as Electric Plant in Service because they are ready  
19 for service, even though the installation related to their energization has not  
20 been completed.

21 Q. ARE THE COSTS OF DISTRIBUTION-RELATED ELECTRIC PLANT  
22 PROPERLY RECORDED IN ONCOR'S FINANCIAL AND ACCOUNTING  
23 SYSTEMS?

24 A. Yes. The components of Oncor's distribution plant in service as of the end  
25 of the December 31, 2022 DCRF update period are recorded at cost in  
26 accordance with FERC USOA guidelines and US GAAP. Furthermore, the  
27 amounts are recorded in a manner that is consistent with Oncor's accounting  
28 practices and policies that existed during the Company's last base-rate  
29 proceeding, Docket No. 53601.

1 Q. ARE THERE ADDITIONAL DISTRIBUTION ASSETS THAT ARE NOT  
2 PERMANENTLY INSTALLED REFLECTED IN THIS DCRF UPDATE  
3 APPLICATION?

4 A. Yes. As addressed in the direct testimony of Mr. Snelleman, Oncor also  
5 maintains a number of spare distribution substation power transformers and  
6 mobile substation equipment to further enhance the Company's ability to  
7 maintain the reliability of Oncor's distribution system. Similar to distribution  
8 plant reserve investment in transformers and meters, these critical capital  
9 spares are appropriately recorded in capital accounts as directed by the  
10 FERC USOA. Further, such reserve assets are used and useful because  
11 they are "ready for service" in meeting the Company's obligation to provide  
12 safe and dependable delivery of electricity to Oncor's electric distribution  
13 customers.

14 Q. ARE THERE OTHER UNIQUE COMPONENTS OF DISTRIBUTION PLANT  
15 THAT ARE CONSIDERED READY FOR SERVICE WHEN ACQUIRED?

16 A. Yes. Notably, land owned in fee requires no construction activity to be  
17 capable of meeting its intended distribution plant purpose. The FERC USOA  
18 is clear in directing that a Land and land rights account (*e.g.*, Account no.  
19 360 for distribution plant)<sup>4</sup> shall include the cost of the land owned in fee or  
20 rights, but any construction activity on the land shall be recorded in the  
21 appropriate plant accounts directly benefited (*e.g.*, Account no. 361  
22 Structures and improvements). Thus, land is considered to be ready for  
23 providing service when it is acquired.

24 As addressed in Mr. Snelleman's direct testimony, there are  
25 operational and economic reasons why Oncor must purchase land for  
26 substations in advance of construction. In general, with regard to land for  
27 such future substation sites, Oncor records the land in plant in service if  
28 design and construction activities are expected to begin within 18-24

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<sup>4</sup> Oncor also uses FERC USOA no. 374 to identify non-depreciable land owned in fee.

1 months. Typically, for land where construction activities are not expected to  
2 commence within 24 months, the investment is recorded in electric plant held  
3 for future use (FERC USOA no. 105). Only land additions that have been  
4 recorded in plant in service have been included in this DCRF update  
5 application.

6 Q. SINCE THE 2021 TEST-YEAR IN THE COMPANY'S MOST RECENT  
7 COMPREHENSIVE BASE-RATE PROCEEDING, HAS ONCOR  
8 IMPLEMENTED ANY CHANGE IN ACCOUNTING RULES OR PRACTICES  
9 THAT AFFECT DISTRIBUTION INVESTED CAPITAL?

10 A. No. The adoption of new distribution property units or the adjustment of  
11 existing property unit definitions related to utility operations occurs in the  
12 normal course of business. Oncor's accounting practices reflect sufficient  
13 flexibility to address this dynamic nature of the industry. During 2022, Oncor  
14 modestly revised existing property units to break out certain smaller  
15 components to better reflect technological changes, safety improvements, or  
16 other operating practices. The FERC USOA accounts affected by the  
17 creation of the newly adopted property units arising from such breakouts  
18 include investment in accounts that are appropriately classified as  
19 distribution plant and are subject to update in a DCRF application. As of  
20 year-end 2022, there were no smaller newly-defined property units that had  
21 been created subsequent to the Docket No. 53601 test-year-end.

22 B. Distribution Investment at Transmission Substations

23 Q. HAVE ANY AMOUNTS RECORDED TO TRANSMISSION ACCOUNTS  
24 BEEN REFLECTED IN ONCOR'S DCRF UPDATE APPLICATION?

25 A. Yes. As is common in the electricity delivery industry, the definition of  
26 "Distribution invested capital" prescribed in 16 TAC § 25.243(b)(3) includes  
27 utility plant recorded in FERC USOA Transmission Plant account numbers  
28 352 (*Structures and improvements*) and 353 (*Station equipment*). Oncor has  
29 not recorded any distribution-related plant investment in FERC USOA no.  
30 352. However, even though the vast majority of Oncor's station equipment

1 recorded in FERC USOA no. 353 is transmission-related, there are certain  
2 elements of these station equipment costs that function as distribution-  
3 related plant and are therefore included in the Company's DCRF update  
4 applications. As is also common in the electricity delivery industry, certain  
5 costs appropriately recorded by Oncor in FERC USOA Distribution Plant  
6 account numbers 361 (*Structures and improvements*) and 362 (*Station*  
7 *equipment*) function as transmission-related plant have been excluded from  
8 the Company's DCRF update applications.<sup>5</sup>

9 Q. HOW IS ONCOR ABLE TO DISTINGUISH WHETHER ELECTRIC PLANT  
10 RECORDED IN FERC USOA ACCOUNT NUMBERS 352, 353, 361, AND  
11 362 SHOULD BE CLASSIFIED AS DISTRIBUTION-RELATED PLANT?

12 A. Oncor's plant accounting records reflect the voltage rating of substation  
13 equipment and provide a reasonable functional assignment between  
14 distribution and transmission operations for much of the investment.  
15 However, certain substation equipment is common to both distribution and  
16 transmission facilities. These common costs are allocated between  
17 distribution and transmission based on the percentage of the value of the  
18 directly assignable distribution and transmission costs to total assignable  
19 costs. This long-employed accounting practice is consistent with the cost  
20 allocation methodology used in Oncor's last base-rate case (Docket No.  
21 53601).

22 Accordingly, as shown in my Exhibit WAL-2, approximately \$412.4  
23 million (\$298.3 million, net of accumulated depreciation) of the investment  
24 recorded in Oncor's FERC USOA no. 353 is allocated to the distribution  
25 function and appropriately reflected in this DCRF update application.  
26 Conversely, as reflected in the TCOS column of my Exhibit WAL-2,  
27 approximately \$737.0 million (\$602.2 million, net of accumulated  
28 depreciation) of the land and other investment recorded in Oncor's FERC

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<sup>5</sup> Of course, such transmission-related costs recorded in FERC USOA Distribution Plant account numbers 361 and 362 are reflected in the Company's interim TCOS updates.



1 USOA numbers 360, 361, and 362 at year-end 2022 have been excluded  
2 from this DCRF update application.

3 C. Other Distribution and Distribution-Related Investment

4 Q. HAS ONCOR INCLUDED ANY AMOUNTS RECORDED IN INTANGIBLE  
5 AND GENERAL PLANT ACCOUNTS IN THIS DCRF UPDATE REQUEST?

6 A. Yes. Plant costs reflected in FERC USOA numbers 303 (*Miscellaneous*  
7 *intangible plant*), 391 (*Office furniture and equipment*), and 397  
8 (*Communication equipment*) are includable in "Distribution invested capital,"  
9 as defined in 16 TAC § 25.243(b)(3). The FERC USOA does not directly  
10 identify these accounts as distribution-related plant, but both the enabling  
11 legislation in PURA § 36.210 and the Commission's Substantive Rules  
12 indicate that such intangible and general plant support distribution  
13 operations (e.g., technology and communication investment reflected in  
14 Oncor's financial records that provide retail customer care and billing). The  
15 amounts reflected in these accounts have been functionalized between the  
16 transmission and distribution functions using the same cost assignment and  
17 allocation methodologies employed in Oncor's most recent base-rate case  
18 (Docket No. 53601) in order to ensure that this DCRF update application  
19 reflects only the distribution-related component of these critical costs.

20 Q. HOW HAS THE COMPANY ASSIGNED THE NET CHANGE IN GENERAL  
21 PLANT ASSETS REFLECTED IN FERC USOA NUMBER 391 TO THE  
22 DISTRIBUTION FUNCTION?

23 A. The net increase in plant account investment refers to the costs of new  
24 investment added during a period less any amount of investment that was  
25 retired from service during that same period. For purposes of this DCRF  
26 update application, computer equipment that is recorded in FERC USOA no.  
27 391, such as investments in data processing and storage equipment, has  
28 been allocated between the distribution and transmission functions based on  
29 the related functionalization of computer business software investment to  
30 which the hardware is dedicated. My Exhibit WAL-3 reflects the computer

1 equipment investment allocation ratios from Docket No. 53601. For the  
2 equipment additions recorded during 2022, 23.19% were allocated to the  
3 transmission function and the remainder to distribution. Similarly, for the  
4 equipment retirements recorded during 2022, 23.19% were allocated to  
5 transmission and the remainder to distribution. In addition, my Exhibit WAL-  
6 3 depicts that all of the net Advanced Metering System computer-related  
7 investment continues to be allocated to the distribution function.

8 Q. HOW HAS THE COMPANY ASSIGNED THE GENERAL PLANT ASSETS  
9 REFLECTED IN FERC USOA NO. 303 TO THE DISTRIBUTION  
10 FUNCTION?

11 A. Costs reflected in Oncor's FERC USOA no. 303 (Miscellaneous intangible  
12 plant) have been directly assigned to either the transmission or distribution  
13 function to the extent possible based on the business system purpose of the  
14 investment and the Company's use of the assets. As shown on my Exhibit  
15 WAL-4, Oncor added an approximate \$117.0 million of new investment in  
16 intangible plant during 2022, of which \$25.9 million (22.2%) was directly  
17 assigned or allocated to transmission and the remaining 77.8% to  
18 distribution. Similar to the costs recorded in FERC USOA no. 391, for those  
19 costs recorded as common intangible systems that are not readily  
20 assignable to a function, the amounts have been allocated based on the  
21 methodology employed in Oncor's last base-rate case.

22 Q. HOW HAS THE COMPANY ASSIGNED THE NET CHANGE IN GENERAL  
23 PLANT ASSETS REFLECTED IN FERC USOA NO. 397 TO THE  
24 DISTRIBUTION FUNCTION?

25 A. Communication equipment recorded in FERC USOA no. 397 includes the  
26 Company's investment in its microwave system, fiber-optic networks, and  
27 system control and data acquisition or "SCADA" equipment. As shown on  
28 my Exhibit WAL-5, Oncor's overall net book value of investment in  
29 communication equipment recorded in FERC USOA no. 397 increased by  
30 approximately \$1.2 million during 2022. However, the distribution-related

1 communication equipment component reflected in my Exhibit WAL-5  
2 decreased by \$2.8 million.<sup>6</sup> The investment in communication equipment  
3 assets has either been directly assigned or allocated to the transmission and  
4 distribution functions based on usage or location of the equipment,  
5 consistent with the methodology used in Oncor's last base-rate case.

6 In addition, as I will discuss in Section IV.D. of my direct testimony  
7 below, certain indirect construction overhead costs that were capitalized  
8 during the period 2017 through 2021 were disallowed in Oncor's most recent  
9 base-rate proceeding in Docket No. 53601. These disallowed costs were  
10 not recorded until after the 2022 financial closing. Accordingly, the effects  
11 of the disallowances have been assigned to the Company's distribution  
12 function in a manner consistent with the number running activities that  
13 support the Docket No. 53601 order issued on April 6, 2023 that applied the  
14 costs to FERC USOA no. 397.

15 D. Docket No. 53601 Adjustments

16 Q. PLEASE DESCRIBE THE ADJUSTMENTS ARISING FROM THE  
17 COMMISSION'S APRIL 6, 2023 ORDER IN ONCOR'S BASE-RATE CASE  
18 IN DOCKET NO. 53601.

19 A. On February 28, 2023, Oncor filed its Form 10-K Annual Report Pursuant to  
20 Section 13 or 15(d) of the Securities Exchange Act of 1934 For the Year  
21 Ended December 31, 2022 ("2022 Form 10-K"). Consequently, certain  
22 findings and rulings included in the Commission's April 6, 2023 Order in  
23 Docket No. 53601 were not reflected in the Company's financial statements  
24 reflected in the 2022 Form 10-K. As a result, during Oncor's reporting of its  
25 financial results for the quarter ended March 31, 2023, the Company  
26 disclosed that it was recognizing a charge against income for the effects of

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<sup>6</sup> Includes the 2022 effects of the disallowances reflected in the Docket No. 53601 Order related to capitalized "financially-based" incentive compensation, non-qualified pension costs, and certain executive perquisites.

1 a disallowance of \$65 million<sup>7</sup> of certain employee benefit and  
2 compensation-related costs that had previously been capitalized primarily to  
3 property, plant and equipment during the period of 2017 through 2021,<sup>8</sup> as  
4 well as an additional \$4 million charge against income due to certain similar  
5 employee benefit and compensation related costs that were capitalized  
6 during 2022.

7 Q. DOES THE ACCOUNTING RECOGNITION OF THE DISALLOWED  
8 EMPLOYEE BENEFIT AND COMPENSATION-RELATED COSTS  
9 NECESSITATE AN ADJUSTMENT TO THE DCRF-RFP SCHEDULES IN  
10 THIS APPLICATION?

11 A. No. Even though the 2022 financial records of Oncor were completed prior  
12 to the issuance of the Order in Docket No. 53601, the effects of the  
13 disallowed property, plant and equipment balances have already been  
14 reflected in the DCRF baseline.

15 **V. MOBILE GENERATION**

16 Q. PLEASE SUMMARIZE THE ACCOUNTING FOR COSTS RELATED TO  
17 ONCOR'S UTILITY FACILITIES FOR POWER RESTORATION AFTER  
18 WIDESPREAD POWER OUTAGES.

19 A. Consistent with PURA § 39.918 and as reflected in the Order in Docket No.  
20 53601,<sup>9</sup> Oncor utilizes a regulatory asset to account for the reasonable and  
21 necessary costs of leasing or procuring, owning, and operating facilities that  
22 provide temporary emergency electric energy to aid in restoring power to the  
23 utility's distribution customers during a widespread power outage. Such  
24 facilities are commonly referred to as "mobile generation" investment.  
25 Included in the regulatory asset are deferred mobile generation incremental

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<sup>7</sup> *Application of Oncor Electric Delivery Company LLC for Authority to Change Rates*, Docket No. 53601, Order, Finding of Fact Nos. 136, 181, 182, and 183 (Apr. 6, 2023).

<sup>8</sup> The time period of 2017 through 2021 reflects the period of time after the end of the 2016 test year in the Company's prior base-rate case, Docket No. 46957, and the end of the 2021 test year in the most recent base-rate case, Docket No. 53601.

<sup>9</sup> Docket No. 53601, Order, Finding of Fact No. 79A and Conclusion of Law No. 24A.

- 1 O&M expenses and the return costs, not otherwise recovered, associated  
2 with the leasing or procurement, ownership, and operation of the facilities.  
3 As reflected on Schedule MGR-1, the regulatory asset balance related to  
4 Oncor's mobile generation investment was \$26,088 at the end of the 2021  
5 test-year reflected in Docket No. 53601 and \$2,258,497 at year-end 2022.  
6 There is no provision for costs associated with Oncor's investment in mobile  
7 generation facilities in the Company's base rates. Thus, all mobile  
8 generation-related costs will be deferred in the regulatory asset and be  
9 recovered through Rider MG and Rider WMG.<sup>10</sup>
- 10 Q. IS ONCOR'S ACCOUNTING TREATMENT FOR THE LEASED MOBILE  
11 GENERATION FACILITIES APPROPRIATE?
- 12 A. Yes. As reflected in the Discussion in the Order in Docket No. 53601, the  
13 Commission determined that the "recovery of the costs associated with  
14 leased temporary emergency electric energy facilities sought by Oncor ...  
15 should be removed from Oncor's operating expenses and rate base, booked  
16 as a regulatory asset with the applicable return element, and recovered  
17 through a rider over a five-year period. To reflect these determinations, the  
18 Commission adds new findings of fact 79A and 79B and adds new  
19 conclusion of law 24A."
- 20 Q. PLEASE SUMMARIZE THE REGULATORY TREATMENT FOR COSTS  
21 RELATED TO ONCOR'S UTILITY FACILITIES FOR POWER  
22 RESTORATION AFTER WIDESPREAD POWER OUTAGES.
- 23 A. In its Order in Docket No. 53601, the Commission found that "(it) is  
24 appropriate for Oncor to recover its costs under PURA § 39.918 through a  
25 tariff rider."<sup>11</sup> Accordingly, Oncor established its initial Rider MG and Rider  
26 WMG tariffs to collect approximately \$0.75 million for the annual operations

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<sup>10</sup> Tariff for Retail Delivery Service of Oncor Electric Delivery Company LLC, 6.1.1.6.7 Rider MG – Mobile Generation and Tariff for Transmission Service of Oncor Electric Delivery Company LLC, 3.8 Rider WMG – Wholesale Mobile Generation.

<sup>11</sup> Docket No. 53601, Order, Finding of Fact No. 79B.

1 and maintenance costs (including lease payments), return, and amortization  
2 of the \$26,088 regulatory asset balance at December 31, 2021, together with  
3 the tax expense for income and Texas gross margin taxes. Consistent with  
4 the calculation of the initial mobile generation tariffs, which reflect the five-  
5 year regulatory asset amortization authorized in Docket No. 53601, the  
6 derivation of the mobile generation-related annual revenue requirement  
7 update reflects amortization of one-fifth of the previous year-end's regulatory  
8 asset balance. As shown on Schedule MGR-1, the updated annual revenue  
9 requirement for Oncor's investment in mobile generation facilities has  
10 increased to approximately \$1.82 million. The increase of \$1.07 million  
11 primarily reflects the costs associated with the expansion of Oncor's  
12 investment from the original seven mobile generation units leased as of  
13 December 31, 2021 to the Company's current level of 15 units, as discussed  
14 in more detail in Company witness Mr. Snelleman's direct testimony. It  
15 should be noted that this revenue requirement update for the Company's  
16 mobile generation facilities includes no costs arising from any payments to  
17 an Oncor affiliate. I have provided this incremental revenue requirement  
18 amount to Company witness Mr. Troxle to be reflected in the Company's  
19 requested adjustment to the Rider MG and Rider WMG tariffs to be effective  
20 each September bill cycle. Revenues collected through the mobile  
21 generation tariffs will serve to reduce the unrecovered balance of the  
22 regulatory asset. While it is not expected in the near-term, in the event that  
23 amounts collected through the mobile generation riders exceed previously  
24 deferred costs associated with Oncor's investment in mobile generation  
25 facilities, a regulatory liability will be recorded in the Company's financial  
26 records.

27 **VI. DEPRECIATION AND AMORTIZATION FACTORS**

28 Q. PLEASE DISCUSS THE DEPRECIATION AND AMORTIZATION EXPENSE  
29 THAT ONCOR IS REQUESTING IN THIS DCRF UPDATE APPLICATION.

1 A. In general, during the 2022 period reflected in this DCRF Application (as well  
2 as during the first four months of 2023), Oncor's depreciation and  
3 amortization ("D&A") expense was determined by the rates established in  
4 the Company's 2017 comprehensive base-rate proceeding in Docket No.  
5 46957.<sup>12</sup> Consistent with the order in Docket No. 53601, the D&A rates  
6 reflected in the Company's DCRF test year 2021 baseline values, as well as  
7 Schedule E-1 in this DCRF Update Application, reflect the D&A rates  
8 presently in effect for Oncor. Accordingly, DCRF-RFP Schedule E-1  
9 indicates that Oncor's baseline distribution and distribution-related D&A  
10 expense approximates \$543.4 million annually. Applying the D&A rates from  
11 Docket No. 53601 to the net incremental distribution and distribution-related  
12 plant in service additions and retirements during 2022 of \$1,207.5 million  
13 results in increased D&A expense of \$46.0 million in Oncor's 2023 DCRF  
14 Update Application (see columns (4) and (6) of DCRF-RFP Schedule E-1).

15 **VII. SUMMARY AND CONCLUSION**

16 Q. PLEASE SUMMARIZE YOUR DIRECT TESTIMONY IN THIS 2023 DCRF  
17 UPDATE APPLICATION.

18 A. This 2023 DCRF Application represents Oncor's first update to its  
19 distribution rates since the issuance of the Order in the Company's  
20 comprehensive base rate case in Docket No. 53601. The update period  
21 reflects incremental investment and costs related to the net additions and  
22 retirements of distribution and distribution-related assets incurred during  
23 calendar year 2022. As summarized on DCRF-RFP Schedule A, Oncor's  
24 updatable distribution revenue requirement increased \$147.5 million. After  
25 adjusting for customer usage and growth during 2022, this Application  
26 supports the increase in DCRF rates of \$152.8 million, as shown on column  
27 (15) of DCRF-RFP Schedule J. As discussed earlier in my direct testimony,

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<sup>12</sup> This amount excludes the amortization rate for certain investment in intangible information technology systems reflected in the Order approving Oncor's 2021 application to amend its DCRF in Docket No. 51996.

1 Oncor had previously requested DCRF updates on four occasions in Docket  
2 Nos. 48231, 49427, 50734, and 51996. However, Oncor's existing DCRF  
3 rates were reset to zero,<sup>13</sup> effective concurrently with the implementation of  
4 new base rates arising from the Order in Docket No. 53601.

5 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

6 A. Yes.

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<sup>13</sup> See *Compliance Filing for Final Order in Docket No. 53601 (Application of Oncor Electric Delivery Company LLC for Authority to Change Rates)*, Docket No. 54817, Compliance Tariff for Final Order in Docket No. 53601 at Bates pages 103-105 (Apr. 11, 2023).



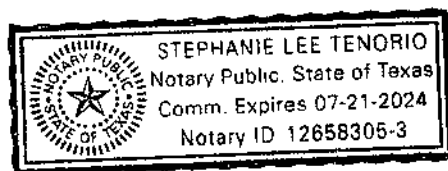
STATE OF TEXAS       §  
                                  §  
COUNTY OF DALLAS   §

**BEFORE ME**, the undersigned authority, on this day personally appeared W. Alan Ledbetter, who, having been placed under oath by me, did depose as follows:

My name is W. Alan Ledbetter. I am of legal age and a resident of the State of Texas. The Application in this proceeding complies with 16 TAC § 25.243 and Oncor's tariffs. The Application and the foregoing direct testimony and exhibits offered by me are true and correct, and the opinions stated therein are, to the best of my knowledge and belief, accurate, true, and correct.

  
W. Alan Ledbetter

**SUBSCRIBED AND SWORN TO BEFORE ME** by the said W. Alan Ledbetter this 26<sup>th</sup> day of June, 2023.



  
Notary Public, State of Texas

PUC Docket No. \_\_\_\_\_

**Ledbetter - Direct  
Oncor Electric Delivery  
2023 DCRF Application and Mobile Generation Update**

Oncor Electric Delivery Company LLC  
DCRF Update Comparison  
(Dollar Amounts in Millions)

Line Ref.	Description (a)	2016 Base-Rate Proceeding (b)	2016, Adjusted for TCJA (c)	2017 Update Period (d)	2018 Update Period (e)	2019 Update Period (f)	2020 Update Period (g)	Cumulative 2017-2020 DCRF Updates (h)	2021, * (i)	2022 Update Period (j)
1	PUC Docket Reference	46957	48325	48231	49427	50734	51996		53601	2023 Application
2	Rate Base	\$ 6,424.2	\$ 6,421.3	\$ 6,751.5	\$ 7,258.8	\$ 7,945.3	\$ 8,805.6		\$ 9,643.8	\$ 10,744.3
3	Revenue Requirement	\$ 3,393.5	\$ 3,254.1	\$ 3,286.9	\$ 3,334.7	\$ 3,418.7	\$ 3,530.5		\$ 4,180.8	\$ 4,328.3
4	Revenue Requirement Increase			\$ 32.8	\$ 47.7	\$ 84.1	\$ 101.7	\$ 266.4		\$ 147.5
5	Customer Growth Adjustment			\$ (17.6)	\$ (22.5)	\$ (14.2)	\$ (13.8)	\$ (68.1)		\$ 5.3
6	Incremental DCRF Increase			\$ 15.2	\$ 25.2	\$ 69.9	\$ 87.9	\$ 198.2		\$ 152.8
7	Less: ERP Over-recovery Adjustment **			\$ -	\$ -	\$ -	\$ (0.1)	\$ (0.1)		\$ -
8	Cumulative DCRF Increase			\$ 15.2	\$ 40.4	\$ 110.3	\$ 198.2	\$ 198.2		\$ 152.8

\* With the implementation of new base rates resulting from the order in Docket No. 53601 (test-year ending December 31, 2021), Oncor's existing Rider DCRF tariff rates (that had been in effect since September 1, 2021, as authorized in Docket No. 51996) were reset to zero, effective on May 1, 2023.

\*\* Docket No. 53601 order on rehearing, Finding of Fact No. 397. Oncor proposes to delete the following riders from its tariff for retail delivery service: rider RS (remand surcharge), rider CSR (capital structure refund), rider TRF (tax refund factor), and rider ERP (COVID-19 electricity relief program). Oncor demonstrated that all of the applicable expenses or credits have been recovered (or credited) and are no longer applicable.

**Oncor Electric Delivery Company LLC**  
**Distribution Cost Recovery Factor**  
**DCRF Plant Accounts Shared with TCOS**  
**Update Period 01/01/2022 - 12/31/2022**

Plant Account	Description	12-31-22 Balances	12-31-22 TCOS Investment	12-31-22 DCRF Investment
<b>Gross Investment:</b>				
352	Structures and Improvements	370,330,883.75	370,330,883.75	0.00
353	Station Equipment	3,787,063,530.87	3,374,666,475.47	412,397,055.40
360	Land and Land Rights *	129,040,870.84	28,475,800.15	100,565,070.69
361	Structures and Improvements	229,115,505.16	66,524,282.74	162,591,222.42
362	Station Equipment	2,545,338,590.29	641,969,724.36	1,903,368,865.93
		<u>7,060,889,380.91</u>	<u>4,481,967,166.47</u>	<u>2,578,922,214.44</u>
<b>Accumulated Depreciation:</b>				
352	Structures and Improvements	(124,392,987.51)	(124,392,987.51)	0.00
353	Station Equipment	(836,081,727.31)	(721,939,635.44)	(114,142,091.87)
360	Land and Land Rights *	(9,833,029.66)	(269,871.88)	(9,563,157.78)
361	Structures and Improvements	(58,816,239.53)	(15,202,889.52)	(43,613,350.01)
362	Station Equipment	(588,858,971.73)	(119,294,599.93)	(469,564,371.80)
		<u>(1,617,982,955.74)</u>	<u>(981,099,984.28)</u>	<u>(636,882,971.46)</u>
<b>Net Investment:</b>				
352	Structures and Improvements	245,937,896.24	245,937,896.24	0.00
353	Station Equipment	2,950,981,803.56	2,652,726,840.03	298,254,963.53
360	Land and Land Rights *	119,207,841.18	28,205,928.27	91,001,912.91
361	Structures and Improvements	170,299,265.63	51,321,393.22	118,977,872.41
362	Station Equipment	1,956,479,618.56	522,675,124.43	1,433,804,494.13
		<u>5,442,906,425.17</u>	<u>3,500,867,182.19</u>	<u>1,942,039,242.98</u>

Excludes Oncor NTU

\* Includes A374 Land Owned in Fee

Oncor Electric Delivery Company LLC  
Distribution Cost Recovery Factor  
Distribution Plant - Computer Equipment  
Update Period 01/01/2022 - 12/31/2022

Plant Account	Description	Total Computer Equipment	TRAN Computer Equipment	DCRF Computer Equipment	Accumulated Depreciation for Computer Equipment	Accumulated Depreciation for TRAN Computer Equipment	Accumulated Depreciation for DCRF Computer Equipment
	AMS Related 12-31-2021	16,170,086.25	0.00	16,170,086.25	(12,803,165.57)	0.00	(12,803,165.57)
	Non-AMS Related 12-31-2021	285,151,594.33	66,131,839.87	219,019,754.46	(140,518,721.78)	(32,588,846.75)	(107,929,875.03)
391	Balance at 12-31-2021	301,321,680.58	66,131,839.87	235,189,840.71	(153,321,887.35)	(32,588,846.75)	(120,733,040.60)
	AMS Related	0.00	0.00	0.00			
	Non-AMS Related	23,666,456.58	5,488,681.62	18,177,774.96			
	2022 Computer Equipment Additions	23,666,456.58	5,488,681.62	18,177,774.96			
	AMS Related	0.00	0.00	0.00			
	Non-AMS Related	(106,464,192.21)	(24,690,982.10)	(81,773,210.11)			
	2022 Computer Equipment Retirements *	(106,464,192.21)	(24,690,982.10)	(81,773,210.11)			
	AMS Related	0.00	0.00	0.00			
	Non-AMS Related	0.00	0.00	0.00			
	2022 Computer Equipment Transfers	0.00	0.00	0.00			
	AMS Related 12-31-2022	16,170,086.25	0.00	16,170,086.25	(15,827,111.69)	0.00	(15,827,111.69)
	Non-AMS Related 12-31-2022	202,353,858.70	46,929,539.39	155,424,319.31	(44,207,400.34)	(10,252,500.01)	(33,954,900.33)
391	Balance at 12-31-2022	218,523,944.95	46,929,539.39	171,594,405.56	(60,034,512.03)	(10,252,500.01)	(49,782,012.02)

Note:

Computer Equipment for AMS direct assigned to Metering function consistent with Docket No. 53601. The remaining computer equipment allocated based on Intangible Investment (A303) from Docket No. 53601 as shown below:

Total	TRAN	DIST	MET	TDCS	DCRF Total
1,066,350,281.07	247,306,020.55	323,333,372.82	185,301,712.96	310,409,174.74	819,044,260.52
	23.19%	30.32%	17.38%	29.11%	76.81%

Excludes Oncor NTU

\* Includes proforma retirements recorded in 2023 to reflect Docket No. 53601 approved seven-year life, effective May 1, 2023, from Docket No. 46957 previously approved 15-year life under AR-15 (Reference WP/Schedule B-5/2)

Oncor Electric Delivery Company LLC  
Distribution Cost Recovery Factor  
Distribution Plant - Intangible  
Update Period 01/01/2022 - 12/31/2022

Plant Account	Description	Allocation Methodology	Total Intangible	TRAN Intangible	Total DCRF Intangible	DCRF Intangible Plant by Recoverable Life				
						3-year Life	5-year Life	8-year Life	15-year Life	AMS 7-year Life
303	<b>Gross Investment:</b>									
	<b>Balance at 12-31-2021</b>		1,068,350,281.07	247,306,020.55	819,044,260.52	214,681.57	18,575,397.65	172,777,633.63	481,308,731.46	146,167,816.21
	Transmission Function	Direct Assigned	13,011,014.73	13,011,014.73	0.00	0.00	0.00	0.00	0.00	0.00
	Distribution Function	Direct Assigned	101,068,333.49	0.00	101,068,333.49	0.00	1,305,741.13	10,303,683.57	89,458,908.79	0.00
	Meter Function	Direct Assigned	4,569,547.50	0.00	4,569,547.50	0.00	96,238.88	0.00	4,473,308.62	0.00
	TDCS Function	Direct Assigned	21,531,963.73	0.00	21,531,963.73	0.00	1,901,778.15	15,615,426.03	4,014,759.55	0.00
	Common Intangible Systems	Allocated by Net Plant Factor from Docket No. 53601	57,067,826.65	27,045,489.60	30,022,137.05	0.00	3,921,742.48	26,018,016.50	82,378.07	0.00
	<b>2022 Intangible Additions</b>		197,248,486.10	40,056,504.33	157,191,981.77	0.00	7,225,500.64	51,937,126.10	98,029,355.03	0.00
	Transmission Function	Direct Assigned	(6,647,025.99)	(6,647,025.99)	0.00	0.00	0.00	0.00	0.00	0.00
	Distribution Function	Direct Assigned	(4,818.10)	0.00	(4,818.10)	0.00	(4,818.10)	0.00	0.00	0.00
	Meter Function	Direct Assigned	(54,322,085.39)	0.00	(54,322,085.39)	0.00	0.00	(320,814.48)	(9,249,230.76)	(44,752,040.15)
	TDCS Function	Direct Assigned	(3,903,506.42)	0.00	(3,903,506.42)	0.00	(73,364.21)	(3,630,142.21)	0.00	0.00
	Common Intangible Systems	Allocated by Net Plant Factor from Docket No. 53601	(15,383,741.51)	(7,290,662.78)	(8,093,078.72)	0.00	(3,095,003.45)	(2,043,566.75)	(2,954,508.52)	0.00
	<b>2022 Intangible Retirements</b>		(80,261,177.41)	(13,937,688.78)	(66,323,488.63)	0.00	(3,173,185.76)	(6,194,523.44)	(12,203,739.28)	(44,752,040.15)
	Transmission Function	Direct Assigned	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Distribution Function	Direct Assigned	368,097.17	0.00	368,097.17	0.00	0.00	368,097.17	0.00	0.00
	Meter Function	Direct Assigned	0.00	0.00	0.00	0.00	0.00	96,238.88	(96,238.88)	0.00
	TDCS Function	Direct Assigned	0.00	0.00	0.00	0.00	1,894,686.82	(3,296,866.86)	1,401,880.04	0.00
	Common Intangible Systems	Allocated by Net Plant Factor from Docket No. 53601	(368,097.17)	(174,448.61)	(193,648.56)	0.00	0.00	(193,648.56)	0.00	0.00
	<b>2022 Intangible Transfers &amp; Adjustments</b>		0.00	(174,448.61)	174,448.61	0.00	1,894,686.82	(3,025,979.37)	1,305,741.16	0.00
303	<b>Balance at 12-31-2022</b>		1,183,337,589.76	273,250,387.49	910,087,202.27	214,681.57	24,522,399.35	215,494,256.92	568,440,088.37	101,415,776.06
303	<b>Accumulated Depreciation/Amortization</b>									
	<b>Balance at 12-31-2022</b>		(443,260,191.96)	(97,113,620.68)	(346,146,571.28)	(141,912.98)	(7,712,147.88)	(82,309,625.08)	(155,541,449.42)	(100,441,435.91)
303	<b>Net Investment</b>									
	<b>Balance at 12-31-2022</b>		740,077,397.80	176,136,766.81	563,940,630.99	72,768.59	16,810,251.46	133,184,631.84	412,898,638.95	974,340.15
<b>Note: Net Plant Less Intangible &amp; Non-AMS Computer Equipment from Docket No. 53601</b>			<b>Total</b>	<b>TRAN</b>	<b>DIST</b>	<b>MET</b>	<b>TDCS</b>	<b>Total DCRF</b>		
			18,798,059,058.27	8,908,727,870.84	9,592,597,335.75	279,585,292.44	17,168,559.24	9,889,331,187.43		
				47.392%	51.030%	1.487%	0.091%	52.608%		

Oncor Electric Delivery Company LLC  
Distribution Cost Recovery Factor  
Telecommunication Equipment  
Update Period 01/01/2022 - 12/31/2022

Plant Account	Activity	Total Communication Equipment	TRAN Communication Equipment	DIST Disallowance (Note 1)	DIST Communication Equipment Amortized	DIST Communication Equipment Depreciated (Note 2)	DIST Communication Equipment AMS Routers
397	12-31-21 Balance	154,558,642.24	81,744,122.48	(35,767,188.86)	24,799,846.03	42,233,358.16	41,548,504.43
397	2022 Additions	16,066,907.88	9,400,475.02	(2,048,727.50)	5,483,496.68	3,231,663.68	0.00
397	2022 Retirements (Note 3)	(3,874,044.12)	(770,079.87)	0.00	(2,741,742.71)	(318,015.02)	(44,206.52)
397	2022 Transfers	(0.00)	(158,631.98)	0.00	176,670.30	(18,038.32)	0.00
397	12-31-22 Balance	166,751,506.00	90,215,885.65	(37,815,916.36)	27,718,270.30	45,128,968.50	41,504,297.91
397	12-31-21 Accumulated Depreciation Balance	(61,497,270.92)	(11,560,520.05)	0.00	(4,370,242.98)	(4,018,003.46)	(41,548,504.43)
397	12-31-22 Accumulated Depreciation Balance	(72,462,751.23)	(16,009,001.08)	0.00	(7,929,083.92)	(7,722,422.08)	(40,802,244.15)
397	12-31-21 Net Book Value	93,061,371.32	70,183,602.43	(35,767,188.86)	20,429,603.05	38,215,354.70	0.00
397	12-31-22 Net Book Value	94,288,754.77	74,206,884.57	(37,815,916.36)	19,789,186.38	37,406,546.42	702,053.76

Note (1): DIST Disallowance reflects proforma adjustments for the distribution-related disallowances of capitalized financially-based incentive compensation, non-qualified pension, and executive perquisites for years 2017 through 2022 recorded on the books in 2023 consistent with the order on rehearing approved in Docket No. 53601. The DCRF baseline reflects the distribution-related disallowances for years 2017 through 2021. The DIST disallowances for years 2017 through 2022 are shown on DCRF Schedule B-1, Line No. 22b, Column No. (4)

Note (2): Distribution Microwave and Fiber Optic Network Equipment

Note (3): Includes proforma retirements recorded in 2023 to reflect Docket No. 53601 approved 15-year life, effective May 1, 2023, from Docket No. 46957 previously approved 20-year life under AR-15. (Reference WP/Schedule B-5/2.)

Excludes Oncor NTU

Oncor Electric Delivery Company LLC  
Distribution Cost Recovery Factor - 2023 Application  
Listing of Sponsored DCRF Application Workpapers  
Update Period 01/01/2022 - 12/31/2022

Schedule Workpaper	Title
<u>Testimony Workpapers</u>	
WP/Ledbetter/Direct/2022_PF-RoR	Proforma Adjustment for 2023 Disallowance
WP/Ledbetter/Direct/Adjustments	Proforma Adjustments - Plant in Service (A397) and Related Depreciation Expense Reduction to Reflect Disallowance of Capitalized Costs Consistent with Docket No. 53601 Order
<u>DCRF Schedule Workpapers</u>	
WP/Schedule B	DCRF Summary of Distribution Plant Investment - Update Period 01/01/2022 - 12/31/2022
WP/Schedule B-1/1/2022	Listing of Distribution Projects over \$100,000 Added During 2022
WP/Schedule B-1/1/1/2022	Expanded Project Descriptions for Projects with Additions > \$100k
WP/Schedule B-1/1/2/2022	Substation Projects with Additions >\$100k (Plant accounts 353, 360, 361, & 362)
WP/Schedule B-1/1/3/2022	Property Unit Descriptions for Projects with Additions >\$100k (Plant accounts 364 to 373 only)
WP/Schedule B-5/1/2022	Listing of Distribution Retirements over \$100,000 During 2022
WP/Schedule B-5/1/1/2022	Property Unit Descriptions for Projects with Retirements > \$100k
WP/Schedule B-5/2	Proforma Retirements for A391 - Computer Equipment and A397 - Communication Equipment (AR-15 Property)
WP/Schedule E-1/1	AMS Related Amortization Expense
WP/Schedule E-1/2	Docket No. 53601 Depreciation & Amortization - Rates & Accruals
WP/Schedule E-1/3	General Plant Reserve Imbalance & Related Amortization for T&D
WP/Schedule E-3	Federal Income Tax
WP/Schedule E-3.7/3	Net Plant and Net Intangibles Factors for Accumulated Deferred Federal Income Tax
<u>Mobile Generation Rider Schedule Workpapers</u>	
WP/Schedule MGR-1/2022	Mobile Generator Maintenance Fees - O&M Expense
WP/Schedule MGR-2/2022	Lease Amortization (O&M Expense A589) for Mobile Generation Units 1 - 7 consolidated
WP/Schedule MGR-3/2022	Lease Amortization (O&M Expense A589) for Mobile Generation Units 8 - 15 consolidated
WP/Schedule MGR-4/2022	Regulatory Asset 1823200-HB 2483 Mbl Gens & rel. costs
WP/Schedule MGR-5/2022	Annual Depreciation on Vintage Year 2021 Property excluding Lease Amortization on Capital Leases

**2023 DCRF AND MOBILE GENERATION UPDATE  
ONCOR ELECTRIC DELIVERY COMPANY LLC  
WORKPAPERS FOR  
THE DIRECT TESTIMONY OF  
W. ALAN LEDBETTER**



Oncor Electric Delivery Company LLC

12 months ending 12-31-2022 Earnings Report (Docket No. 54451 Item No. 17 and 2023 DCRF Application Schedule K)

Proforma Adjustment for 2023 Disallowance

		Schedule III Return per report	Return on Invested Capital adjusted for disallowances	Return Change
Invested capital per earnings report Schedule III	\$ 20,738,628,826			
Less disallowance 2017-2021 (Docket No. 53601)	\$ (64,960,286)			
Less disallowance for 2022	\$ (3,720,894)			
Less disallowance 2017 - 2022 (earnings report Schedule XII)	\$ (68,681,180)			
Invested capital excluding disallowances through 2022	\$ 20,669,947,646			
Return per earnings report Schedule I, III	\$ 1,302,162,514	6.28%	6.30%	0.02%
Return weather-adjusted per earnings report Schedule III	\$ 1,249,959,456	6.03%	6.05%	0.02%

Docket No. 53601 order on rehearing - disallowance for capitalized financially-based incentive comp, non-qualified pension, and executive perquisites.

No adjustment to return for exclusion of 2022 depreciation expense on disallowed capitalized costs. Depreciation expense reduced acc. depreciation reserve.

Expense Code	Disallowed Capitalized Costs	Dkt 53601 Disallowance		Disallowance of Capitalized Costs	
		Year 2017 TO 2021		Year 2017 to 2022	
		Project YR17TO21	Project YEAR2022	Total	
114	FBIC Incentive Plans - Annual	\$ (43,558,634)	\$ (170,160)	\$ (43,728,794)	
325	FBIC Long Term Incentive Compensation Plan	\$ (7,910,777)	\$ (663,474)	\$ (8,574,251)	
562	Non-qualified - Supplemental Retirement Plan	\$ (13,115,158)	\$ (2,751,384)	\$ (15,866,542)	
590	Other Employee Benefits (Exec. Perquisites)	\$ (375,717)	\$ (135,876)	\$ (511,593)	
Total	Total Disallowance - 2017 - 2022	\$ (64,960,286)	\$ (3,720,894)	\$ (68,681,180)	Disallowance recorded in 2023
Disallowed Capitalized Costs (A397)		Year 2017 - 2021	Year 2022	Year 2017 - 2022	Dkt 53601 %s
TRAN		\$ (29,193,097)	\$ (1,672,167)	\$ (30,865,263)	44.94%
DIST		\$ (35,767,189)	\$ (2,048,728)	\$ (37,815,916)	55.06%
Total		\$ (64,960,286)	\$ (3,720,894)	\$ (68,681,180)	
Annual Amortization Expense Reduction for Disallowance		Year 2017 - 2021	Year 2022	Year 2017 - 2022	Calculated Amort. Dkt 53601 %s Rate 2017-2022
TRAN		\$ (1,751,557)	\$ (306,127)	\$ (2,057,684)	40.43%
DIST		\$ (2,581,294)	\$ 60,233	\$ (2,521,061)	59.57%
Total		\$ (4,332,851)	\$ (245,894)	\$ (4,578,745)	6.67%

March 28, 2023 8 - 53601 Oncor Commission Number Run CCOSS Final (Dkt 53601 Item No. 914)

	TRAN	NTU TRAN	DC Tie	DIST	NTU DIST	MET	TDCS	Total 2017-2021
Adjustment to Remove Capitalized Incentive Compensation (row 186 on worksheet I-A.1 to I-F)	\$ (25,479,356.90)	\$ (3,645,416.71)	\$ (88,323.03)	\$ (32,991,507.23)	\$ -	\$ (1,910,460.94)	\$ (885,220.69)	\$ (64,960,285.50)
		TRAN total					DIST total	
		\$ (29,193,096.84)					\$ (35,767,188.86)	\$ (64,960,285.50)
		44.94%					55.06%	
A397 amortization rate								
Depreciation on Adjustment for Capitalized Incentive Compensation (row 888 on worksheet I-A.1 to I-F)	\$ (1,555,243.77)	\$ (191,994.94)	\$ (4,318.10)	\$ (2,266,344.12)	\$ -	\$ (152,505.13)	\$ (162,445.00)	\$ (4,332,851.04)
		TRAN total					DIST total	
		\$ (1,751,556.80)					\$ (2,581,294.24)	\$ (4,332,851.04)
		40.43%					59.57%	

DIST for DCRF includes DIST + MET + TDCS

**INDEX TO THE DIRECT TESTIMONY  
OF BONNIE L. CLUTTER, WITNESS FOR  
ONCOR ELECTRIC DELIVERY COMPANY LLC**

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**DIRECT TESTIMONY OF BONNIE L. CLUTTER**

**I. POSITION AND QUALIFICATIONS**

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND CURRENT EMPLOYMENT POSITION.

A. My name is Bonnie L. Clutter. My business address is 1616 Woodall Rodgers Freeway, Dallas, Texas 75202. I am the Assistant Controller at Oncor Electric Delivery Company LLC ("Oncor" or "Company").

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL QUALIFICATIONS.

A. I graduated from Baylor University in August 1997 with a Bachelor of Business Administration degree in Accounting and a Masters degree in Business Administration. In 1997, I began my career at Texas Utilities Services, Inc. where I worked in various accounting departments, including corporate accounting and tax accounting. In 2002, I became an Accounting Specialist for Oncor, supporting transactional accounting functions, monthly financial analysis, internal reporting, and external reporting. In 2012, I became the Tax Accounting Manager where I was responsible for managing the federal, state, and local tax accounting and compliance functions for Oncor. I started in my current role as Assistant Controller in September 2021.

Q. DO YOU HOLD ANY PROFESSIONAL CERTIFICATIONS?

A. Yes. I am licensed as a Certified Public Accountant in the State of Texas.

Q. ARE YOU A MEMBER OF ANY PROFESSIONAL ORGANIZATIONS?

A. Yes. I am a member of the Texas Society of Certified Public Accountants.

Q. WHAT ARE YOUR RESPONSIBILITIES IN YOUR CURRENT POSITION?

A. As Assistant Controller, I manage Oncor's Corporate Accounting organization which includes general accounting, property accounting, accounts receivables and payables, revenue accounting, and tax accounting. These organizations are responsible for ensuring that financial information is recorded and reported in accordance with generally accepted

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1 accounting principles ("GAAP"). Additionally, the Corporate Accounting  
2 organization is responsible for seeing that the books and records of Oncor  
3 are maintained in a manner consistent with sound regulatory policies and  
4 procedures reflecting compliance with rules established, and regulatory  
5 orders issued, by the Public Utility Commission of Texas ("Commission")  
6 and other regulatory bodies.

7 Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE COMMISSION?

8 A. Yes, I have pre-filed testimony in Docket Nos. 38929, 39552, 41814, 46957,  
9 48231, 48325, 49427, 49721, 50734, 51996, and 53601.

10 **II. PURPOSE OF DIRECT TESTIMONY**

11 Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

12 A. The purpose of my direct testimony is to support the Company's application  
13 to amend its Distribution Cost Recovery Factor ("DCRF") pursuant to Public  
14 Utility Regulatory Act § 36.210 and 16 Tex. Admin. Code ("TAC") § 25.243,  
15 for the update period of January 1, 2022 through December 31, 2022. My  
16 testimony presents the tax-related components of the Company's DCRF  
17 revenue requirement and, along with the testimony of Company witness W.  
18 Alan Ledbetter, all supporting schedules and calculations, with the  
19 exception of Schedules H and J (which are sponsored by Company witness  
20 Matthew A. Troxle), required by the Commission's DCRF Rate Filing  
21 Package ("DCRF-RFP") instructions. My direct testimony establishes, in  
22 conjunction with the direct testimony provided by Company witnesses Mr.  
23 Ledbetter, Mr. Troxle, and Mr. Coler D. Snelleman, that this filing complies  
24 with 16 TAC § 25.243, the Commission's DCRF-RFP instructions, and the  
25 Order in Docket No. 53601.

26 My direct testimony, schedules, and workpapers were prepared by  
27 me or under my direction, supervision, or control, and are true and correct.

28 Q. WHAT DCRF-RFP SCHEDULES ARE YOU SPONSORING?

29 A. I am sponsoring or co-sponsoring the following DCRF-RFP schedules and  
30 the associated workpapers:

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Schedule B-7      DIC-Related Accumulated Deferred Federal Income  
Taxes (ADFIT);

Schedule E-2      Distribution Taxes Other than Federal Income Taxes;

Schedule E-3      Distribution Federal Income Taxes;

Schedule E-3.7      Summary of Accumulated Deferred Federal Income  
Tax (ADFIT) Balances; and

Schedule E-3.10      Distribution Plant Accumulated Deferred Federal  
Income Tax (ADFIT) Changes.

### **III. REQUIREMENTS OF DCRF APPLICATION**

Q. AS PRESCRIBED IN GENERAL INSTRUCTION NO. 1 OF THE DCRF-RFP, IS THE INFORMATION PROVIDED TAKEN FROM THE COMPANY'S ACCOUNTS AND RECORDS PRESCRIBED IN THE FEDERAL ENERGY REGULATORY COMMISSION ("FERC") UNIFORM SYSTEM OF ACCOUNTS?

A. Yes. The information provided in this filing is taken from the Company's books and records that are maintained according to the FERC Uniform System of Accounts.

Q. AS PRESCRIBED IN GENERAL INSTRUCTION NO. 2, DOES YOUR TESTIMONY SUPPORT THE REQUIRED SCHEDULES AND WORKPAPERS?

A. Yes. My testimony adopts and supports the required DCRF-RFP schedules and workpapers that I sponsor or co-sponsor.

Q. AS PRESCRIBED IN GENERAL INSTRUCTION NO. 2, ARE YOUR SCHEDULES AND WORKPAPERS PROVIDED IN NATIVE ELECTRONIC FORMAT INCLUDING ACTIVE EXCEL WORKBOOKS AND ALL LINKED WORKBOOKS, WITH ALL FORMULAS, CELL REFERENCES, LINKS, ETC. INTACT, FUNCTIONING, AND COMPLETE?

A. Yes, except where Excel data was derived from a non-Excel source and was directly entered into the Excel spreadsheet. Otherwise, all workbooks are "active" as described in General Instruction No. 2.

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1 Q. AS PRESCRIBED IN GENERAL INSTRUCTION NO. 5, HAVE THE  
2 SCHEDULES BEEN PREPARED AS EXEMPLIFIED IN THE DCRF-RFP  
3 SAMPLE FORMS?

4 A. Yes, the schedules are consistent with the DCRF-RFP instructions with the  
5 exception that some schedules have been modified for Company specifics  
6 and, in some instances, columns were added. As previously stated, all  
7 schedules and workpapers are provided in native electronic format  
8 including active Excel workbooks and all linked workbooks, with all  
9 formulas, cell references, links, etc., intact, functioning, and complete.

10 Q. AS PRESCRIBED IN GENERAL INSTRUCTION NO. 6, DO THE  
11 AMOUNTS APPROVED IN THE COMPANY'S LAST COMPREHENSIVE  
12 BASE-RATE PROCEEDING CORRESPOND TO THE AMOUNTS IN THE  
13 FIRST COLUMN IN YOUR SPONSORED SCHEDULES OF THE DCRF-  
14 RFP?

15 A. Yes. Where applicable, the amounts in the first columns in my sponsored  
16 DCRF schedules are consistent with WP/Schedule A-1, which includes the  
17 DCRF baseline data that Oncor will be filing in Docket No. 54817,  
18 *Compliance Filing for Final Order in Docket No. 53601 (Application of Oncor*  
19 *Electric Delivery Company LLC for Authority to Change Rates).*

20 **IV. CALCULATION OF TAX-RELATED COMPONENTS OF DCRF REVENUE**  
21 **REQUIREMENT**

22 Q. PLEASE DISCUSS THE CALCULATION OF AD VALOREM TAXES IN  
23 THE COMPANY'S DCRF-RFP.

24 A. I determined the ad valorem tax attributable to incremental DCRF  
25 investment by applying the Docket No. 53601 ad valorem tax factor  
26 (approved distribution-related ad valorem tax divided by approved  
27 distribution net plant) to the DCRF net plant amount added in 2022. My  
28 workpaper WP/Schedule E-2/1 shows Oncor's ad valorem tax assigned to  
29 the distribution functions in Docket No. 53601 and the calculation of ad  
30 valorem tax for the incremental DCRF net plant additions. The result is a

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1 \$15,254,614 increase in annual ad valorem tax expense, as shown in  
2 column (4) of Schedule E-2.

3 Q. PLEASE DISCUSS THE STATE GROSS MARGIN TAXES IN ONCOR'S  
4 DCRF FILING.

5 A. The Texas Legislature enacted reforms of the Texas franchise tax system  
6 and replaced it with the Texas gross margin tax ("margin tax") in 2007. The  
7 amount of margin tax applicable to the DCRF revenue requirement is shown  
8 in Schedule E-2 in this filing.

9 Q. PLEASE EXPLAIN HOW THE MARGIN TAX IS CALCULATED.

10 A. The margin tax is based on total taxable revenues less an elected deduction  
11 of: (a) cost of goods sold ("COGS"); (b) employee compensation; or (c) 30%  
12 of total revenues. Texas law defines the transmission and delivery of  
13 electricity as a service, making the COGS election unavailable for Oncor.  
14 Therefore, because 30% of Oncor's total taxable revenue amounts to a  
15 greater deduction than employee compensation, the method that most  
16 beneficially applies to Oncor and its customers is the deduction of 30% of  
17 total taxable revenues. In 2015, as part of the Franchise Tax Reduction Act  
18 of 2015, the Texas Legislature permanently set the margin tax rate at  
19 0.75%. Thus, Oncor accrued its 2022 margin tax liability at the 0.75% rate.  
20 The incremental DCRF-related margin tax is \$1,042,678 and is shown in  
21 column (4) of Schedule E-2.

22 Q. PLEASE DISCUSS THE INCREASE IN FEDERAL INCOME TAX ("FIT")  
23 RESULTING FROM THE DISTRIBUTION INVESTMENT ADDITIONS  
24 INCLUDED IN THE COMPANY'S DCRF-RFP.

25 A. FIT expense was increased due to the increase in the return on rate base  
26 resulting from the net addition of distribution facilities during 2022. The  
27 synchronized interest deduction is related to the increased return and was  
28 increased proportionally. The incremental income tax expense was  
29 quantified using the 21% FIT rate pursuant to the Tax Cuts and Jobs Act of  
30 2017. The workpaper WP/Schedule E-3 contains the calculation of the

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1 change in synchronized interest. As shown on Schedule E-3, all other  
2 components of the FIT calculation are left unchanged from Docket No.  
3 53601.

4 Q. PLEASE DISCUSS THE DCRF-RELATED TREATMENT OF ADFIT AND  
5 EXCESS ADFIT BALANCES.

6 A. Consistent with the DCRF-RFP instructions, Oncor's December 31, 2022  
7 ADFIT balance, adjusted for the tax impact of applicable book adjustments,  
8 was functionalized by applying updated functionalization factors in a  
9 manner consistent with Oncor's most recent base-rate case, Docket No.  
10 53601. Oncor's Excess ADFIT balance at December 31, 2022 was directly  
11 assigned to the Distribution function consistent with Docket No. 53601.  
12 Plant-related ADFIT and Excess ADFIT for DCRF purposes are shown in  
13 Schedules B-7, E-3.7, E-3.10, and my related workpapers.

14 **V. SUMMARY AND CONCLUSION**

15 Q. PLEASE SUMMARIZE YOUR DIRECT TESTIMONY.

16 A. My direct testimony supports the DCRF-RFP schedules and related  
17 workpapers that I sponsor or co-sponsor. My sponsored and co-sponsored  
18 DCRF-RFP schedules have been prepared and calculated according to 16  
19 TAC § 25.243, the DCRF-RFP instructions, and the Order in Docket No.  
20 53601. For these reasons, I recommend that the Commission approve the  
21 tax-related components of the Company's revenue requirement as shown  
22 on Schedule A: Summary of Distribution Cost of Service.

23 Q. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY?

24 A. Yes, it does.

STATE OF TEXAS       §  
                                  §  
COUNTY OF DALLAS   §

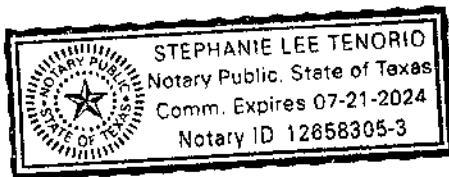
**BEFORE ME**, the undersigned authority, on this day personally appeared Bonnie L. Clutter, who, having been placed under oath by me, did depose as follows:

My name is Bonnie L. Clutter. I am of legal age and a resident of the State of Texas. The Application in this proceeding complies with 16 TAC § 25.243. The Application and the foregoing direct testimony offered by me is true and correct, and the opinions stated therein are, to the best of my knowledge and belief, accurate, true and correct.

Bonnie L. Clutter  
BONNIE L. CLUTTER

**SUBSCRIBED AND SWORN TO BEFORE ME** by the said Bonnie L. Clutter this 26<sup>th</sup> day of June, 2023.

Stephanie Lee Tenorio  
Notary Public, State of Texas



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OF MATTHEW A. TROXLE, WITNESS FOR  
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IX	PROPOSED MOBILE GENERATION RIDERS .....	15
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XI.	AFFIDAVIT .....	18
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	EXHIBIT MAT-1 List of Matthew A. Troxle's Prior Commission Testimony	
	EXHIBIT MAT-2 Rate Class Billing Determinants Approved in Docket No. 53601	
	EXHIBIT MAT-3 History of Distribution Cost Recovery Factor (DCRF) Charges	
	EXHIBIT MAT-4 Proposed Rider Distribution Cost Recovery Factor (DCRF)	
	EXHIBIT MAT-5 Proposed Rider WDCRF – Wholesale Distribution Cost Recovery Factor	
	EXHIBIT MAT-6 Proposed Rider MG - Mobile Generation	
	EXHIBIT MAT-7 Proposed Rider WMG – Wholesale Mobile Generation	

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**DIRECT TESTIMONY OF MATTHEW A. TROXLE**

**I. POSITION AND QUALIFICATIONS**

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Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND CURRENT EMPLOYMENT POSITION.

A. My name is Matthew A. Troxle. My business address is 1616 Woodall Rodgers, Dallas, Texas. I am the Director of Rates & Load Research for Oncor Electric Delivery Company LLC ("Oncor" or "Company").

Q. PLEASE DISCUSS YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL QUALIFICATIONS.

A. I graduated from Louisiana State University in 1995 with a Bachelor of Science degree in Business Administration Pre-Law. In 1997, I received the degree of Master of Science in Economics from Louisiana State University. I began my employment with the Louisiana Public Service Commission in 1997 as an Economist in the Economics and Rate Analysis Division. In 1999, I began employment with the Public Utility Commission of Texas ("Commission") as a Rate Analyst. In 2000, I was named Senior Rate Analyst, and in 2005, I was named the Director of Retail Market Oversight. In 2007, I was named the Director of the newly formed Tariff and Rate Analysis group. In 2008, I began employment with CenterPoint Energy Service Company as a Manager of Gas Rates in the Regulatory and Government Affairs organization. In 2012, I was named Director of Rates, and in 2015, I assumed the position of Director of Regulatory Affairs for Louisiana and Mississippi. In 2019, I joined Oncor in my current role as the Director of Rates & Load Research. In my current position, I am responsible for oversight of the rates and load research efforts of Oncor.

Q. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY BEFORE THE COMMISSION?

A. Yes. Please see my Exhibit MAT-1 for a list of the proceedings in which I have provided testimony before the Commission and other regulatory authorities.

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1 **II. PURPOSE OF DIRECT TESTIMONY**

2 Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS  
3 PROCEEDING?

4 A. The purpose of my direct testimony is to: (1) support Oncor's application to  
5 amend its Distribution Cost Recovery Factor ("DCRF"); (2) sponsor the  
6 calculation of Rider DCRF and Rider Wholesale Distribution Cost Recovery  
7 Factor ("WDCRF"); (3) sponsor the proposed riders (6.1.1.6.4 Rider DCRF  
8 and 3.6 Rider WDCRF); (4) support Oncor's application to update the  
9 Mobile Generation ("MG") riders (Rider MG and Rider Wholesale MG  
10 ("WMG")); (5) sponsor the calculation of Rider MG and Rider WMG; and (6)  
11 sponsor the proposed tariff revisions (6.1.1.6.7 Rider MG and 3.8 Rider  
12 WMG) accompanying this filing.

13 My direct testimony, exhibits, sponsored schedules and workpapers  
14 were prepared by me or under my direction, supervision, or control, and are  
15 true and correct.

16 Q. WHAT SCHEDULES FROM ONCOR'S FILING DO YOU SPONSOR?

17 A. I am sponsoring Schedule H (Summary of Historic Year Billing  
18 Determinants) and Schedule J (Summary of DCRF), which include the rate  
19 design calculations for the proposed DCRFs by rate class. In addition, I am  
20 sponsoring the following workpapers that support Schedules H and J:

21 WP/Schedule H Summary of Billing Units as of December 31, 2022;  
22 WP/Schedule H/1 Customer and Weather Adjustments to Billing  
23 Determinants as of December 31, 2022;  
24 WP/Schedule H/2 Monthly Sales Data as of December 31, 2022;  
25 WP/Schedule H/3 Adjustments to Billing Demands as of December 31,  
26 2022;  
27 WP/Schedule H/4 Weather Adjustments as of December 31, 2022;  
28 WP/Schedule H/5 Power Factor Adjustments to Billing Demands; and  
29 WP/Schedule H/6 Mobile Generation Riders

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1 A. Yes. The baseline is the starting point for the DCRF, so to remain  
 2 consistent, the same cost-of-service model methodology used to establish  
 3 the DCRF baseline in Docket No. 53601 was used in this proceeding to  
 4 appropriately assign costs to the various rate classes as approved in Docket  
 5 No. 53601.

6 Q. HAS THE COMMISSION RULED ON MOTIONS FOR REHEARING IN  
 7 DOCKET NO. 53601?

8 A. Yes. The Commission voted on an Order on Rehearing at the June 15,  
 9 2023 Open Meeting. As part of the compliance phase of the rate case  
 10 following the Order on Rehearing, Oncor will file a DCRF baseline in the  
 11 tariff compliance Docket No. 54817. If the approved baseline differs from  
 12 the baseline used in this proceeding, the Company will file Supplemental  
 13 Revised schedules that reflect the approved baseline.

14 Q. DOES YOUR TESTIMONY SUPPORT THE SCHEDULES AND  
 15 WORKPAPERS REQUIRED BY GENERAL INSTRUCTION NO. 2 IN THE  
 16 COMMISSION'S DCRF RATE FILING PACKAGE ("DCRF-RFP")  
 17 INSTRUCTIONS?

18 A. Yes, it does. Specifically, my testimony supports required Schedules H and  
 19 J.

20 Q. IN REFERENCE TO THE DCRF-RFP GENERAL INSTRUCTION NO. 5,  
 21 HAVE SCHEDULES H AND J BEEN PREPARED BASED ON THE  
 22 SAMPLE FORMS ATTACHED TO THE COMMISSION'S DCRF  
 23 APPLICATION?

24 A. Yes. The Company's schedules are based upon the sample forms attached  
 25 to the Commission's DCRF Filing Package Schedules. The Company has  
 26 also made some enhancements to the sample forms as permitted by the  
 27 DCRF-RFP General Instruction No. 5 to provide further granularity to the  
 28 calculation of the DCRFs. Additionally, the Company's schedules conform  
 29 with Findings of Fact 369 and 370 in the Order in Docket No. 53601.

1 Q. IN REFERENCE TO THE DCRF-RFP GENERAL INSTRUCTION NO. 5,  
2 HAVE SCHEDULES H AND J AND THE SUPPORTING WORKPAPERS  
3 BEEN PROVIDED IN ELECTRONIC NATIVE FORMAT WITH ALL  
4 FORMULAS, CELL REFERENCES, AND LINKS INTACT, FUNCTIONING,  
5 AND COMPLETE?

6 A. Yes.

7 Q. HAS ONCOR PREVIOUSLY FILED A DCRF APPLICATION?

8 A. Yes. Oncor has previously filed four DCRF applications, each of which was  
9 approved. However, this is the first DCRF filing after the most recent base-  
10 rate case, Docket No. 53601, where the DCRF was re-set to zero.

11 Q. IN REFERENCE TO THE DCRF-RFP GENERAL INSTRUCTION NO. 7,  
12 WOULD YOU PLEASE PROVIDE THE COMPANY'S HISTORY OF DCRF  
13 CHARGES?

14 A. The historical information requested by General Instruction No. 7 is included  
15 on Exhibit MAT-3. It shows the approved rates from Oncor's four previously  
16 approved DCRF applications, Docket Nos. 48231, 49427, 50734, and  
17 51996.

18 **IV. DESCRIPTION OF SCHEDULE H**

19 Q. WHAT IS THE PURPOSE OF SCHEDULE H?

20 A. Schedule H produces the final adjusted billing units for the DCRF update  
21 period of January 1, 2022 through December 31, 2022, that are used in the  
22 calculation of the DCRFs for each of the Company's retail and wholesale  
23 rate classes. It also includes a calculation of the load growth experienced  
24 by each rate class during the DCRF update period.

25 Q. DOES SCHEDULE H FOLLOW ALL INSTRUCTIONS PROVIDED IN THE  
26 DCRF APPLICATION FORM?

27 A. Yes. The Rate Class Cost-of-Service Study, modified in accordance with  
28 the Commission's Order in Docket No. 53601, is the source of the data  
29 reflected in Schedule H.

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1 Q. HOW MANY YEARS DID ONCOR USE IN CALCULATIONS FOR THE  
2 NORMAL WEATHER HISTORICAL PERIOD?

3 A. Consistent with the Commission's DCRF Filing Package Instructions, the  
4 historical period used in this proceeding for normal weather is 10 years.  
5 Various industry-standard statistical tests and evaluation criteria were used  
6 in the weather normalization model and are reflected in WP/Schedule H/4.1  
7 and WP/Schedule H/4.2.

8 Q. PLEASE DESCRIBE THE INFORMATION SUMMARIZED ON SCHEDULE  
9 H.

10 A. Schedule H is the Summary of Historic Year Billing Determinants. It  
11 summarizes: (1) rate class billing determinants approved in Oncor's most  
12 recent comprehensive base-rate proceeding; (2) the unadjusted rate class  
13 billing determinants for the DCRF update period ending December 31,  
14 2022; and (3) the adjustments to billing determinants associated with  
15 weather-normalization and the number of customers at the end of the  
16 update period.

17 For item (1) above, the rate class billing determinants approved in  
18 Docket No. 53601 are shown in my Exhibit MAT-2. They also appear in  
19 column (2) of Schedule H.

20 Regarding item (2) above, Oncor's unadjusted rate class billing  
21 determinants for the DCRF update period ending December 31, 2022 are  
22 extracted from the books and records of the Company. For rate classes  
23 with kWh-based billing, these data are shown in column (3) of Schedule H.  
24 The total "Unadjusted Distribution Billing kW" amounts in Workpaper  
25 Schedule H/1 are the values used in column (3) of Schedule H for rate  
26 classes with demand-based billing.

27 For item (3) above, the adjustments to billing determinants  
28 associated with weather-normalization appear in column (4) of Schedule H  
29 and are combined with the values in column (3), described above, to show  
30 the adjusted billing units at the meter at the end of the update period in

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1 column (5). Then, the adjustments to the number of customers at the end  
2 of the update period, shown in column (6), are added to column (5) to  
3 determine the total adjusted billing units at the end of the update period in  
4 column (7) of Schedule H. Finally, the difference in billing units between  
5 the adjusted year-end 2022 (column (7)) and the baseline billing units  
6 (column (2)) are shown in column (8) of Schedule H.

7 Q. WERE THE BILLING UNITS FOR THE RATE CLASSES WITH DEMAND-  
8 BASED BILLING "WEATHER NORMALIZED" CONSISTENT WITH 16  
9 TAC §§ 25.243(b)(5) AND 25.243(d) FOR THE MOST RECENT TEN  
10 CALENDAR YEARS?

11 A. Yes. The Weather Adjustments for each rate class shown in  
12 Workpaper/Schedule H/4 are based on kilowatt-hours variation arising from  
13 the difference in 2022 actual temperatures experienced compared to  
14 average temperatures realized in the ten-year period of 2012-2021. For  
15 rate classes that use demand-based billing units, the kWh-based  
16 adjustments are converted to a corresponding demand-based adjustment  
17 in Workpaper/Schedule H/3. The results of these calculations are shown in  
18 columns (d) – (i) of Workpaper/Schedule H/1. The weather normalization  
19 adjustments, by rate class, are shown in column (4) of Schedule H.

20 Q. DOES SCHEDULE H INCLUDE A CALCULATION OF THE LOAD  
21 GROWTH ADJUSTMENT CONTAINED IN THE DCRF FORMULA?

22 A. Yes. The DCRF formula requires that the Distribution Revenue  
23 Requirement by rate class ("DISTREVR<sub>RC-CLASS</sub>") from the last  
24 comprehensive base-rate case be adjusted for load growth. The load  
25 growth adjustment for each rate class is determined by calculating the ratio  
26 of the adjusted billing determinants shown in column (8) to the billing units  
27 approved in Docket No. 53601 shown in column (2), and is expressed as a  
28 percentage change. The resulting rate class growth adjustments are shown  
29 in column (9) of Schedule H.

**V. DESCRIPTION OF SCHEDULE J**

Q. WHAT IS THE PURPOSE OF SCHEDULE J?

A. Schedule J shows the compilation of all of the cost components required by the DCRF Rule (see 16 TAC § 25.243(d)(1)) to calculate a DCRF for each rate class. It also shows the calculation of the DCRF Revenue Requirement by rate class and the final calculation of the DCRFs.

Q. PLEASE DESCRIBE THE SOURCE OF THE DCRF BASELINE VALUES USED IN SCHEDULE J, COLUMNS 1-7.

A. As stated above, Schedule J shows the proposed DCRF rate design. The DCRF baseline values shown in Columns (1) – (7) of Schedule J were developed from Oncor's Docket No. 53601 Functionalized Rate Class Cost-of-Service study.

Q. DOES YOUR SCHEDULE J UTILIZE THE LOAD GROWTH ADJUSTMENTS DEVELOPED ON SCHEDULE H, COLUMN (9)?

A. Yes, the load growth adjustments, by rate class, from column (9) of Schedule H are restated in column (8) of Schedule J.

Q. HOW ARE THESE LOAD GROWTH FACTORS USED IN SCHEDULE J?

A. These percentages are multiplied by the  $DISTREV_{RC-CLASS}$  values from column (7) to arrive at a rate class load growth adjustment. The resulting load growth amount for each rate class is shown in column (9) of Schedule J and, in accordance with 16 TAC § 25.243(d)(1), the sum of this column (-\$5,266,133) was deducted from the Annual Change in the Distribution Cost of Service for the DCRF update period of \$147,511,332 (as determined by Company witness W. Alan Ledbetter and shown in Schedule A, column (4)) to achieve the DCRF Revenue Requirement of \$152,777,465. This deduction is shown in columns (12) – (14) of Schedule J.

Q. HOW WAS THE ADJUSTED DCRF REVENUE REQUIREMENT OF \$152,777,465 ALLOCATED TO THE DCRF CLASSES?

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- 1 A. The total DCRF Revenue Requirement was allocated to the individual  
2 classes based on allocation factors specified by 16 TAC § 25.243(d)(1).  
3 This provision states in relevant part that, "[the] Rate Class Allocation Factor  
4 [is as] approved in the last comprehensive base-rate proceeding calculated  
5 as: total net distribution plant allocated to the rate class, divided by total net  
6 distribution plant" (as shown in column (10) of Schedule J). These  
7 allocation factors are shown in column (11) of Schedule J.
- 8 Q. HOW ARE THESE RATE CLASS ALLOCATION FACTORS USED TO  
9 CALCULATE THE DCRF REVENUE REQUIREMENT FOR EACH RATE  
10 CLASS?
- 11 A. The Rate Class Allocation Factors in Column (11) of Schedule J are  
12 multiplied by the DCRF Revenue Requirement of \$152,777,465 derived in  
13 column (14) to determine the DCRF Revenue Requirement for each class,  
14 as shown in column (15).
- 15 For example, for the Residential Rate Class, the Rate Class  
16 Allocation Factor of 55.8202% is multiplied by the DCRF Revenue  
17 Requirement of \$152,777,465, and the result is a DCRF Revenue  
18 Requirement of \$85,280,746 for the Residential Rate Class.
- 19 Q. PLEASE DESCRIBE THE PROCESS FOR DETERMINING THE  
20 PROPOSED RATE CLASS DCRFs.
- 21 A. Once the rate class DCRF revenue requirements (see column (15) of  
22 Schedule J) and the adjusted DCRF rate class billing units have been  
23 determined (see column (7) of Schedule H, as restated in column (16) of  
24 Schedule J), the DCRF rates are calculated by dividing the adjusted DCRF  
25 Revenue Requirement for each rate class by the adjusted billing units. The  
26 results of these calculations are shown in column (17) of Schedule J.

1 **VI. PROPOSED RIDER DCRF**

2 Q. HAVE YOU PREPARED A PROPOSED RIDER FOR THE RECOVERY OF  
3 THE DCRF CHARGES DEVELOPED IN COLUMN (17) OF SCHEDULE J  
4 FOR THE COMPANY'S RETAIL RATE CLASSES?

5 A. Yes. I have prepared a rider entitled "6.1.1.6.4 Rider Distribution Cost  
6 Recovery Factor (DCRF)." This proposed rider is included as my Exhibit  
7 MAT-4.

8 Q. WHAT RATE CLASSES ARE INCLUDED IN THE COMPANY'S  
9 PROPOSED RIDER DCRF?

10 A. As shown on page 3 of my Exhibit MAT-4, the Proposed Rider DCRF  
11 contains the unit charges developed in Schedule J for the following rate  
12 classes:

13 Residential Service;  
14 Secondary Service Less Than or Equal to 10 kW;  
15 Secondary Service Greater Than 10 kW;  
16 Primary Service Less Than or Equal to 10 kW;  
17 Primary Service Greater Than 10 kW – Distribution Line;  
18 Primary Service Greater Than 10 kW – Substation;  
19 Transmission Service; and,  
20 Lighting Service.

21 Q. PLEASE DESCRIBE THE DCRF BILLING UNITS FOR EACH CLASS.

22 A. Rider DCRF will be billed on the same basis as the Distribution System  
23 Charge for each of the rate classes listed above. For example, the  
24 Distribution System Charge for the Residential, Secondary Service Less  
25 Than or Equal to 10 kW, Primary Service Less Than or Equal to 10 kW, and  
26 Lighting classes are based on kWh usage. For all of the other rate classes  
27 listed above, the Distribution System Charges are based on Billing  
28 Demands.

29 Q. WHAT IS THE PROPOSED EFFECTIVE DATE FOR RIDER DCRF?

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1 A. Oncor requests an effective date for Rider DCRF and the associated  
2 revisions to the Company's Tariff for Retail Delivery Service of September  
3 1, 2023, consistent with 16 TAC § 25.243(e)(6)(C). This means that the  
4 new DCRF rates will be reflected on bills rendered on or after September 1,  
5 2023, until replaced with a new rate by Commission order.

6 **VII. PROPOSED RIDER WDCRF**

7 Q. HAVE YOU PREPARED A PROPOSED RIDER FOR THE RECOVERY OF  
8 THE DCRF CHARGES DEVELOPED IN COLUMN (17) OF SCHEDULE J  
9 FOR THE COMPANY'S WHOLESALE DISTRIBUTION RATE CLASSES?

10 A. Yes. I have prepared a rider entitled "3.6 Rider WDCRF – Wholesale  
11 Distribution Cost Recovery Factor" for inclusion in the Company's Tariff for  
12 Transmission Service. This proposed rider is included as my Exhibit MAT-  
13 5.

14 Q. WHAT RATE CLASSES ARE INCLUDED IN THE COMPANY'S  
15 PROPOSED RIDER WDCRF?

16 A. As shown on page 3 of my Exhibit MAT-5, the Proposed Rider WDCRF  
17 contains the unit charges developed in Schedule J for the Wholesale  
18 Substation Service and Wholesale Distribution Line Service rate classes.

19 Q. PLEASE DESCRIBE THE BILLING UNITS FOR THESE RATE CLASSES.

20 A. Rider WDCRF will be billed on the Distribution System Charge Billing  
21 Demand.

22 Q. WHAT IS THE PROPOSED EFFECTIVE DATE FOR RIDER WDCRF?

23 A. Oncor requests an effective date for Rider WDCRF and the associated  
24 revisions to the Company's Tariff for Transmission Service of September 1,  
25 2023, consistent with 16 TAC § 25.243(e)(6)(C). This means that the new  
26 DCRF rates will be reflected on bills rendered on or after September 1,  
27 2023, until replaced with a new rate by Commission order.

1 **VIII. DESCRIPTION OF MOBILE GENERATION RIDERS**

2 Q. PLEASE DESCRIBE PURA SECTION 39.918 AND THE  
3 AUTHORIZATION TO RECOVER COSTS ASSOCIATED WITH  
4 COMPLYING WITH THIS STATUTE.

5 A. As discussed in the direct testimony of Company witness Mr. Coler D.  
6 Snelleman, the statute addresses situations in which a “widespread power  
7 outage” that results in a loss of electric power to a significant number of  
8 distribution customers and has lasted or is expected to last for at least eight  
9 hours and is a risk to public safety has occurred.<sup>1</sup> The statute allows the  
10 Company to lease and operate facilities that provide temporary emergency  
11 electric energy to aid in restoring power to its distribution customers during  
12 a widespread power outage, under specific circumstances. The statute also  
13 states that a transmission and distribution utility, such as Oncor, that leases  
14 and operates these types of facilities is authorized to recover the reasonable  
15 and necessary costs of leasing and operating the facilities.<sup>2</sup>

16 Q. PLEASE PROVIDE THE RATIONALE AND APPROVALS SUPPORTING  
17 THE MG RIDERS

18 A. The MG riders are necessary in order for Oncor to recover costs incurred  
19 for leasing and operating the facilities authorized under PURA § 39.918.  
20 Additionally, Finding of Fact 79B in the April 6, 2023 Order in Docket No.  
21 53601 states, “[i]t is appropriate for Oncor to recover its costs under PURA  
22 § 39.918 through a tariff rider.”

23 Q. HOW WAS THE MG REVENUE REQUIREMENT DETERMINED?

24 A. Per the direct testimony of Company witness Mr. W. Alan Ledbetter, the MG  
25 revenue requirement to be recovered in this proceeding is \$1,821,443.

26 Q. DOES THE REVENUE REQUIREMENT COMPLY WITH THE  
27 COMMISSION ORDERED RECOVERABLE AMOUNT?

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<sup>1</sup> PURA § 39.918(a).

<sup>2</sup> PURA § 39.918(h).

- 1 A. Yes. In Docket No. 53601, Finding of Fact 79A states, “[i]t is appropriate  
2 for Oncor to utilize a regulatory asset to account for costs under PURA §  
3 39.918 and to include a return element.” The revenue requirement listed  
4 above includes the amounts approved in Docket No. 53601 as well as the  
5 additional amounts requested in this proceeding.
- 6 Q. HOW ARE THE MG COSTS ALLOCATED TO THE CUSTOMER  
7 CLASSES?
- 8 A. Finding of Fact 295 in the Docket No. 53601 Order states that Oncor's MG  
9 costs should be allocated using the Non-Coincident Peak (“NCP”) demand,  
10 excluding the high voltage & substation rate classes allocation factor (factor  
11 #30, NCP\_XSS).
- 12 Q. PLEASE DESCRIBE THE NCP\_XSS ALLOCATOR.
- 13 A. The NCP\_XSS allocator is designed to use the NCP demand of each rate  
14 class excluding the Primary-Substation, Transmission, and XFMR –  
15 Wholesale Substation rate classes.
- 16 Q. HOW ARE THESE RATE CLASS ALLOCATION FACTORS USED TO  
17 CALCULATE THE MG REVENUE REQUIREMENT FOR EACH RATE  
18 CLASS?
- 19 A. The Mobile Generation Allocation Factors by rate class in Column (b) of  
20 WP/H/6 are multiplied by the MG rider recovery amount of \$1,821,443 to  
21 produce the MG Revenue Requirement by class.
- 22 For example, for the Residential Rate Class, the Rate Class  
23 Allocation Factor of 54.4194% is multiplied by the MG Revenue  
24 Requirement of \$1,821,443, and the result is the MG Revenue Requirement  
25 of \$991,218 for the Residential Rate Class.
- 26 Q. WHAT ARE THE RATE CLASS REVENUE REQUIREMENTS IN  
27 ONCOR'S MG RIDERS?
- 28 A. The MG revenue requirement by customer class is shown below:



<b>Customer Class</b>	<b>MG Revenue Requirement</b>
Residential	\$991,218
Secondary <= 10 kW	\$24,206
Secondary > 10 kW	\$638,218
Primary >= 10 kW	\$361
Primary > 10 kW (Dist Line)	\$152,713
Primary > 10 kW (Substation)	\$0
Transmission	\$0
Lighting	\$6,437
Wholesale Substation	\$0
Wholesale DLS	\$8,290
<b>Total:</b>	<b>\$1,821,443</b>

**IX. PROPOSED MOBILE GENERATION RIDERS**

Q. HAVE YOU PREPARED PROPOSED TARIFF RIDERS TO RECOVER THE MG REVENUE REQUIREMENT?

A. Yes. I have prepared two riders, "6.1.1.6.7 Rider MG – Mobile Generation" and "3.8 Rider WMG – Wholesale Mobile Generation". These proposed riders are included in this filing as my Exhibit MAT-6 and Exhibit MAT-7, respectively.

Q. HAS ONCOR PREVIOUSLY FILED ANY MG RIDERS?

A. Yes. Oncor's current Tariffs, which are in compliance with the Order in Docket No. 53601, contain these two MG Riders. However, as the rates reflected in the current MG Riders are scheduled to be reflected on bills rendered for the September bill cycle, the Company has not yet reflected the MG Riders on bills to retail electric providers. The current MG Revenue Requirement of \$752,037 is therefore included in the total revenue requirement of \$1,821,443 to be collected from the MG Riders proposed in this proceeding.

Q. PLEASE DESCRIBE THE BILLING UNITS FOR EACH CLASS.

A. The Residential, Secondary Service Less than or Equal to 10 kW, Primary Service Less than or Equal to 10 kW, and Lighting are based on kWh usage. All other rate classes listed above are billed based on their respective Billing

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1 Demands as found in WP/H/6.

2 Q. HOW WERE THE MG RIDER FACTORS (RATES) DERIVED?

3 A. The MG Rider Factors were derived in accordance with Finding of Fact 295  
4 of the Order in Docket No. 53601 that states: "Oncor's mobile generation  
5 costs incurred pursuant to PURA § 39.918 should be allocated using the  
6 NCP, excluding high voltage & substation allocation factor (factor #30,  
7 NCP\_XSS), which does not allocate any costs to the primary-substation,  
8 transmission, or XFMR rate classes."

9 Q. WHAT ARE THE PROPOSED EFFECTIVE DATES FOR RIDERS MG AND  
10 WMG?

11 A. Oncor requests that the effective dates for Riders MG and WMG be  
12 commensurate with, and only for, September billing cycles every year. The  
13 Riders MG and WMG revenue requirements can fully be collected in the  
14 September billing cycle as the revenue requirement is relatively small. If  
15 the revenue requirement grows to a level where a consistent month after  
16 month billing application is appropriate, the Company will propose that  
17 change in a future proceeding. This means that the current proposal is that  
18 the revised Rider MG and Rider WMG rates will be reflected on bills  
19 rendered for the September billing cycle (which in 2023 runs from August  
20 24, to September 22), and likewise in subsequent years, until replaced with  
21 a new rate and/or applicable billing months, as approved by the  
22 Commission.

23 **X. CONCLUSION**

24 Q. PLEASE SUMMARIZE YOUR DIRECT TESTIMONY.

25 A. I prepared the proposed Rider DCRF to the Company's Tariff for Retail  
26 Delivery Service and proposed Rider WDCRF to the Company's Tariff for  
27 Transmission Service to implement the DCRFs for each applicable rate  
28 class as calculated in Schedule J.

29 I also prepared Schedule H to calculate the adjusted billing units and  
30 the class load growth factor for each rate class. I then prepared Schedule

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1 J, which compiled all of the cost components required by the DCRF Rule,  
2 to calculate the DCRF Revenue Requirement and, subsequently, to  
3 calculate the DCRFs for each rate class.

4 Additionally, I prepared proposed Rider MG to the Company's Tariff  
5 for Retail Delivery Service and proposed Rider WMG to the Company's  
6 Tariff for Transmission Service to recover the \$752,037 of mobile  
7 generation costs approved in Docket No. 53601 and the additional mobile  
8 generation costs requested in this proceeding, for a total of \$1,821,443.

9 Q. WHAT RELIEF IS ONCOR REQUESTING IN THIS PROCEEDING?

10 A. Oncor is requesting that the proposed Rider DCRF and the proposed Rider  
11 WDCRF be approved, with an effective date of September 1, 2023. Oncor  
12 is also requesting that the proposed Rider MG and the proposed Rider  
13 WMG be approved with an effective date consistent with the September  
14 2023 billing cycle.

15 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

16 A. Yes, it does.

**AFFIDAVIT**

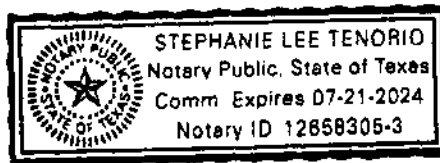
**STATE OF TEXAS       §**  
**§**  
**COUNTY OF DALLAS   §**

**BEFORE ME**, the undersigned authority, on this day personally appeared Matthew A. Troxle, who, having been placed under oath by me, did depose as follows:

My name is Matthew A. Troxle. I am of legal age and a resident of the State of Texas. The Application in this proceeding complies with 16 TAC § 25.243, PURA § 39.918, and Oncor's tariffs. The Application and the foregoing direct testimony and the attached exhibits offered by me are, to the best of my knowledge, information, and belief, accurate, true, and correct.

  
Matthew A. Troxle

**SUBSCRIBED AND SWORN TO BEFORE ME** by the said Matthew A. Troxle this 26<sup>th</sup> day of June, 2023.



  
Notary Public, State of Texas

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